

*Brisbane's roots
grow deep into the
fertile soil giving
rise to a unique
growth known for
it's compassion and
strength. The stars
shine down gleaming
with pride.*



Providing Quality Services



City of Brisbane, California

**Comprehensive Annual
Financial Report for the
Fiscal Year Ended
June 30, 2010**

City of Brisbane California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Prepared by:
City of Brisbane, Finance Department
Stuart Schillinger, Administrative Services Director

City of Brisbane
Comprehensive Annual Financial Report
For the year ended June 30, 2010

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CITY OF BRISBANE

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Brisbane, California 94005-1310
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May 23, 2011

To the Honorable Mayor and City Council, and Citizens of the City of Brisbane:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Brisbane for the fiscal year ended June 30, 2010.

This report was prepared under the direction of the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City of Brisbane's financial statements have been audited by Caporicci & Larson, a firm of licensed certified public accountants. They concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Brisbane's financial statements for the fiscal year ended June 30, 2010 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Brisbane is a community of 3,993 residents (estimated 2010 census) situated in Northern San Mateo County on the west side of San Francisco Bay. The San Bruno Mountain range surrounds Brisbane to the west and the San Francisco Bay is the easterly border of the city. Due to the natural topography, there is no standard lot size or share and thus the housing in Brisbane is much more individualistic, free from the multiple housing tracts seen in many cities. There is intense town spirit and pride and friendliness that would be expected of a small community within sight of the San Francisco skyline. The Council and community prides itself on being environmentally-progressive and respecting and caring for all individuals in the community.



The City has operated under the Council-Manager form of municipal government since it incorporated in 1961. The City Council is comprised of five members elected at large to four-year terms. Two Council members are elected in November of one odd-numbered year and three are elected in the following odd-numbered year. The Council selects the Mayor from its members. The City Manager is appointed by and serves at the pleasure of the City Council. The City Manager is responsible for implementing the policy decisions of the City Council and supervising all operations of city government.

The City of Brisbane provides a wide range of municipal services, including police and fire protection, water and sewer utilities, street maintenance, parks and recreation, planning, building and safety, marina and other general government services.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood within the specific environment the City operates.

Local economy. The City is part of the general San Francisco/Silicon Valley area. There are a handful of businesses that make up a sizable portion of City revenues. The five largest Sales Tax producers are 75.66% of all Sales Tax collected. This is close to the percentage from last year and demonstrates the City's need to diversify. In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point. The City has been notified that one of our largest sales tax providers is planning on moving its operations out of Brisbane by 2013. Staff is working with other businesses and the Chamber of Commerce to create economic development.

Located within the limits of the City of Brisbane is the largest (over 500 acres) undeveloped commercial parcel of land within San Mateo County. This parcel is contiguous with the boundaries of the City/County of San Francisco and is located within seven minutes of the San Francisco International Airport. The commercial development of this parcel is expected to take place over the next 5-10 years. While the related economic benefits to the City from the development of this parcel cannot be estimated it is anticipated to be significant, possibly capable of providing the City with future fiscal stability.

Long-term financial planning.

The City has taken great strides in long-term financial planning. Staff continuously works on a five-year forecast. This provides Council and the community greater information on projects and issues that will be affecting the community in the near future. As part of the two-year budget process staff also provided a capital improvement program.

Council still considers the preservation of open space a top priority and continues to set aside funds for this precious dwindling resource. As a current cost savings measure, new capital projects have been removed unless outside funding can be obtained. This could have impacts in the future.

Since fiscal year ending 2008, the City has lost ten full-time employees to retirement and attrition. Within the next two years we expect to lose ten more. These twenty positions will not be filled in the foreseeable future.

Cash management policies and practices. The City's investment management plan addresses a wide variety of investment practices, including primary investment objectives, investment authority, allowable investment vehicles, investment maturity terms, eligible financial institutions, capital preservation, and cash flow management. Under the City's policies, investments in the City's portfolio are intended to be held until maturity, and accordingly, investment terms are selected for consistency with the City's cash flow needs. Reports are issued monthly to the City Council by the Department of Finance providing detailed information regarding the city's investments and compliance with City policy. Under the City's investment policies, the City's primary investment objective is to ensure the principal of its capital while striving to achieve a reasonable rate of return. The past year has proven challenging in finding long-term (up to five years) investment instruments.

Risk management. Risk management activities are the coordinated effort of all city management staff. The City is self insured for Workers' Compensation and participates in Bay Cities for excess insurance above \$150,000. Additionally, the City is a member of Bay Cities Joint Powers Insurance Group which provides coverage for liability, auto and property damage. This entity operates in accordance with joint powers authority agreements between member cities to provide the various programs. Staffs of the two pools provide services to the City of risk identification, evaluation, and treatment; workers compensation and liability claims administration; safety training and special events coverage.

Internal Accounting Controls

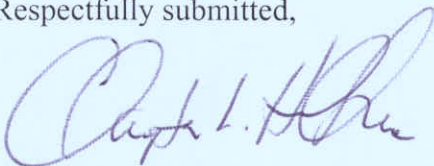
Internal accounting controls are designed by the City to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. It is the City's responsibility to evaluate the costs and benefits of the controls it implements to adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Awards and Acknowledgements

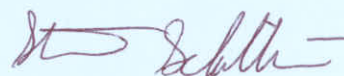
For many years, the City received the Certificate of Achievement for Excellence in Financial Reporting from GFOA. Although we have not applied for the award due to budgetary constraints we continue to maintain the same quality in this year's report. This will allow us to submit the CAFR when economic times improve.

The preparation and development of this report would not have been possible without the year-round efficiency of the Department of Finance staff and their special efforts, working in conjunction with the City's independent auditors, to produce this document. We would like to take this opportunity to compliment all those staff members of both the City and our independent auditors who were associated with the preparation of this report. We would also like to thank the City Council for their continued support and interest in planning and conducting their financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



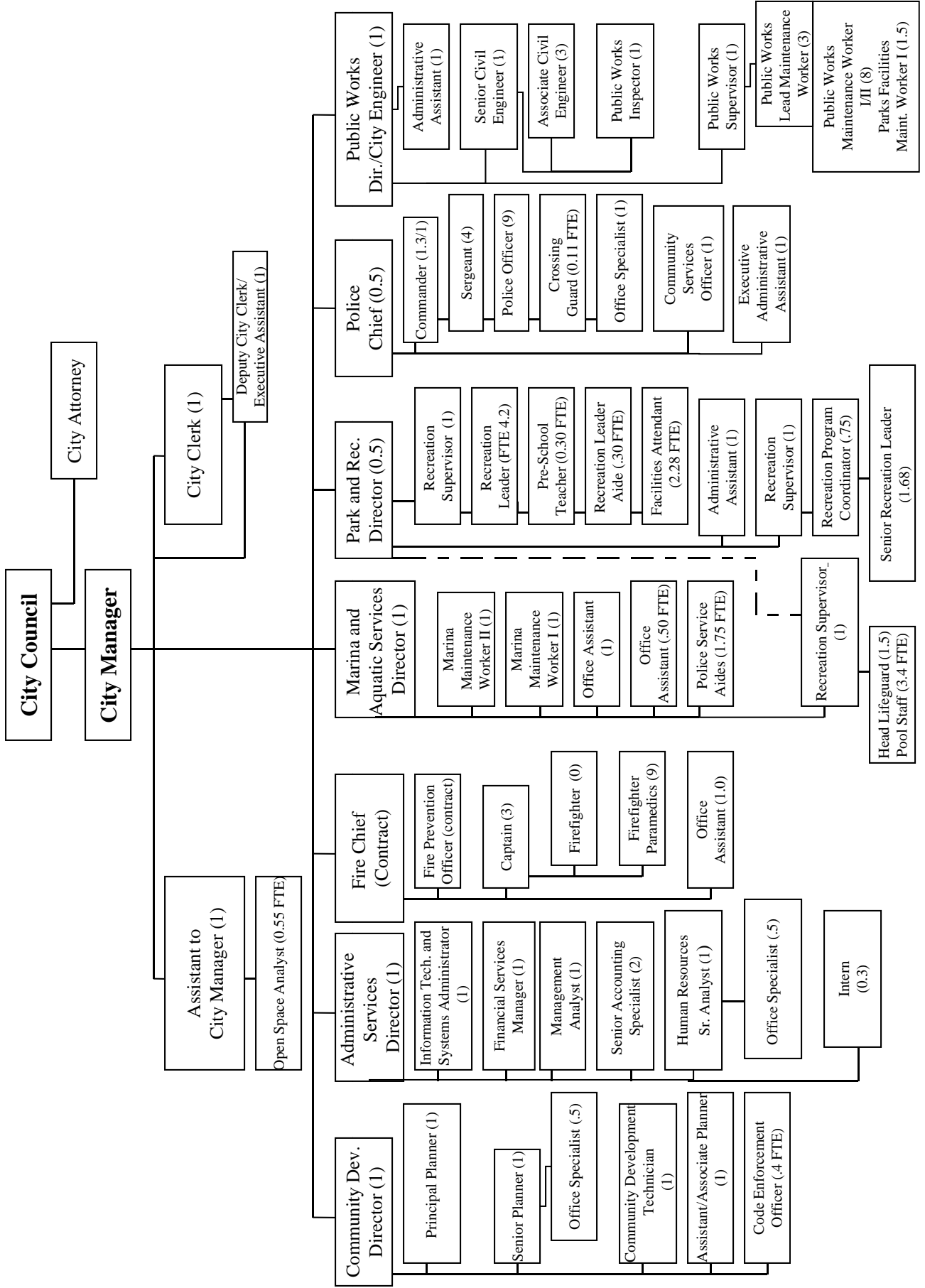
Clayton L. Holstine
City Manager



Stuart Schillinger
Administrative Services Director

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City of Brisbane



City of Brisbane
Principal Officials of the City of Brisbane, California
For the year ended June 30, 2010

PRINCIPAL OFFICIAL OF THE CITY OF BRISBANE, CALIFORNIA
BRISBANE COMMUNITY REDEVELOPMENT AGENCY
GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT
AND
BRISBANE PUBLIC FINANCING AUTHORITY

2009-2010

CITY COUNCIL/BOARD MEMBERS

W. Clarke Conway, Mayor /Board Chairman
Cyril G. Bologoff, Council Mayor Pro Tem/Board Vice-Chairman
Cliff R. Lentz, Council Member/Board Member
A. Sepi Richardson, Council Member/Board Member
Steven W. Waldo, Council Member/Board Member

STAFF MEMBERS

Clayton L. Holstine
City Manager, Agency Executive Director, District Manager

Harold S. Toppel
City Attorney, Agency/District Legal Counsel

Stuart Schillinger
Administrative Services Director/Treasurer

William F. Prince
Planning Director, Retired

John A. Swiecki
Interim Planning Director

Thomas R. Hitchcock
Police Chief

Randy Breault
Public Works Director

Sheri Spediacci
City Clerk

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Brisbane
Brisbane, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brisbane, California (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and Members of the City Council
of the City of Brisbane
Brisbane, California
Page2

The Management Discussion and Analysis and the Required Supplementary Information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, Supplementary Information and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
May 23, 2011

Management's Discussion and Analysis

As management of the City of Brisbane, we offer readers of the City of Brisbane's financial statements this narrative overview and analysis of the financial activities of the City of Brisbane for the fiscal year ended June 30, 2010. Readers should consider the information presented here in conjunction with our letter of transmittal, which can be found on pages v-vii of this report and the City's financial statements beginning on page 15. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

For fiscal year 2009-10, the City's revenues remained stable compared to the previous fiscal year even though we are seeing a drop in property values and a decrease in federal grants. We attribute our stability to the fact that most of our sales tax revenue is business to business rather than retail and that a Transient Occupancy Tax increase was passed in November.

Fiscal Year 2009-10 financial highlights include the following (in thousands):

- The assets of the City of Brisbane exceed its liabilities by \$66,095 (net assets). Of this amount, \$32,801 is Government Activities and \$33,294 is Business-Type Activities. The decrease of about \$279 stems from the general state of the economy during the year.
- The Government-wide Current assets exceeded its current liabilities by \$13,775. This is a million dollar decrease from fiscal year 2008-09 predominantly in cash and investments.
- The City's Capital Assets decreased by \$381 over the previous year. This is due to depreciation.
- The General Fund's Revenues (excluding transfers) increased by \$1,334 with 68% coming from Taxes and Special Assessments. This is due to a mistake made by the State of California in our Sales Tax that is being corrected during the fiscal year 2010-11.
- The City's General Fund Expenditures (excluding transfers) decreased by \$486. The City has continued looking for ways to reduce expenses. This past year we had 6 retirements and resignations and the positions are not being filled.
- The City's General Fund Fund Balance decreased by \$935. The City Council and the staff of the City are continuing their efforts to ensure the long-term viability of the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide financial statements.

The government-wide financial statements provide a corporate-like long-term view of the City's activities as a whole, and include the Statement of Net Assets and the Statement of Activities.

The focus of the Statement of Net Assets is designed to be similar to bottom line results for the City and its governmental activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net cost of various activities that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services.

The *governmental activities* in the Statement of Activities reflect the City's basic services, including general government (City Council, City Manager, City Attorney, City Clerk, Human Resources, Finance, and Community Development), Police, Fire, and Public Works. These services are supported by general City revenues such as sales taxes, property taxes, hotel taxes, and by specific program revenues such as fees.

The City's Governmental Activities include the activities of the City of Brisbane's Redevelopment Agency, a separate legal entity.

Business-type activities in the Statement of Activities reflect the City's enterprise activities. This includes the Utility Fund (Water, Sewer, and GVMID) and Park and Recreation Fund (Parks and Recreation, Marina). Unlike governmental services, these services are supported by charges paid by users on the amount of service they use.

Fund Financial Statements

The fund financial statement presentation focus is on major funds, rather than fund types. The governmental major fund presentation (see pages 21 to 28) is presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated with it.

Fund financial statements include Governmental, Enterprise, Internal Service Funds, and Fiduciary Funds.

Governmental Fund financial statements are prepared on the modified accrual basis of accounting, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the Government-Wide Financial Statements.

Enterprise and Internal Service Fund financial statements are prepared on the full accrual basis of accounting, and include all of their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's Governmental and Business-type Activities, their activities are reported only in total at the fund level. Internal Service Funds may not be major funds because their revenues are derived from other City funds. These revenues are eliminated in the Government-Wide Financial Statements and any related profits or losses are returned to the activities that created them, along with any residual net assets of the Internal Services Funds.

Comparison of budget and actual financial information is presented for the General Fund and Major Special Revenue Funds in the Required Supplementary Information. Budget and actual financial information for non-major funds is presented in the Supplementary Information.

Fiduciary Statements

The City is the agent for certain assessment districts, holding amounts collected from property owners which await transfer to these Districts' bond trustees. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects a condensed Statement of Net Assets (in thousands) compared to the prior year.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 19,036	\$ 19,967	\$ 190	\$ 384	\$ 19,226	\$ 20,351
Capital assets	49,703	49,590	36,380	36,874	86,083	86,464
Other non-current assets	10,430	11,114	1,836	1,852	12,266	12,966
Total assets	<u>79,169</u>	<u>80,671</u>	<u>38,406</u>	<u>39,110</u>	<u>117,575</u>	<u>119,781</u>
Current liabilities	4,576	4,919	875	861	5,451	5,780
Non-current liabilities	41,792	43,418	4,237	4,209	46,029	47,627
Total liabilities	<u>46,368</u>	<u>48,337</u>	<u>5,112</u>	<u>5,070</u>	<u>51,480</u>	<u>53,407</u>
Net assets:						
Invested in capital assets, net of related debt	32,383	45,825	32,386	32,894	64,769	78,719
Restricted	18,943	19,027	2,252	2,601	21,195	21,628
Unrestricted	(18,525)	(32,518)	(1,344)	(1,455)	(19,869)	(33,973)
Total net assets	<u>\$ 32,801</u>	<u>\$ 32,334</u>	<u>\$ 33,294</u>	<u>\$ 34,040</u>	<u>\$ 66,095</u>	<u>\$ 66,374</u>

For more detailed information see the Statement of Net Assets (page 15).

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the City of Brisbane, assets exceeded liabilities by \$66,095 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (\$64,769) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$21,195) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2010, the city shows a negative balance for unrestricted net assets of \$19,869. This is an improvement over the prior year. The total net assets decrease by \$279 due to the decreases in assets (mostly in lower receivables) and a decrease in liabilities (from the payments on long term debt).

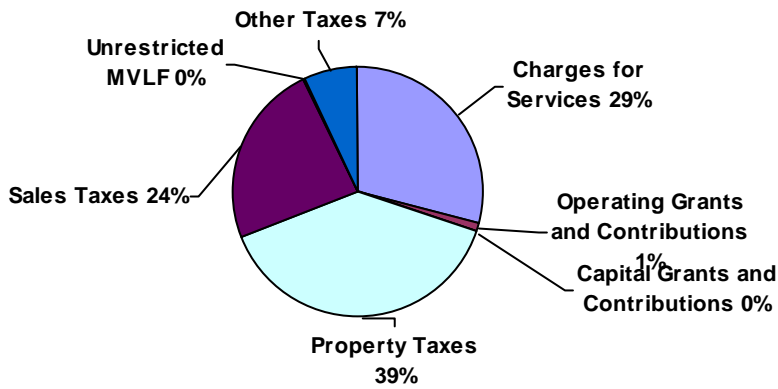
Statement of Activities

(in thousands)	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 6,320	\$ 5,841	\$ 5,877	\$ 6,122	\$ 12,197	\$ 11,963
Operating contributions and grants	219	309	-	-	219	309
Capital contributions and grants	-	2,561	-	-	-	2,561
Total program revenues	<u>6,539</u>	<u>8,711</u>	<u>5,877</u>	<u>6,122</u>	<u>12,416</u>	<u>14,833</u>
General revenues:						
Property taxes	7,386	7,054	28	31	7,414	7,085
Sales taxes	5,006	4,699	-	-	5,006	4,699
Motor vehicle license fee taxes	9	13	-	-	9	13
TOT	1,357	942	-	-	1,357	942
Franchise Fees	-	214	-	-	-	214
Total taxes	<u>13,758</u>	<u>12,922</u>	<u>28</u>	<u>31</u>	<u>13,786</u>	<u>12,953</u>
Investment earnings (loss)	206	426	96	(219)	302	207
Other revenue	80	64	-	-	80	64
Total revenues	<u>\$ 20,583</u>	<u>\$ 22,123</u>	<u>\$ 6,001</u>	<u>\$ 5,934</u>	<u>\$ 26,584</u>	<u>\$ 28,057</u>
Expenses:						
General government	\$ 5,717	\$ 4,768	\$ -	\$ -	\$ 5,717	\$ 4,768
Public safety - police	3,506	3,626	-	-	3,506	3,626
Public safety - fire	2,532	2,452	-	-	2,532	2,452
Public works	4,928	3,298	-	-	4,928	3,298
Interest on long-term debt	2,519	2,513	-	-	2,519	2,513
Water	-	-	1,231	1,290	1,231	1,290
Sewer	-	-	1,449	1,217	1,449	1,217
Guadalupe Valley Municipal Improvement District	-	-	1,526	1,443	1,526	1,443
Parks and recreation	-	-	3,456	3,638	3,456	3,638
Total expenses	<u>\$ 19,202</u>	<u>\$ 16,657</u>	<u>\$ 7,662</u>	<u>\$ 7,588</u>	<u>\$ 26,864</u>	<u>\$ 24,245</u>
Increase/ decrease in net assets before transfers	\$ 1,381	\$ 5,466	\$ (1,661)	\$ (1,654)	\$ (280)	\$ 3,812
Transfers	(915)	(999)	915	999	-	-
Increase/ decrease in net assets	<u>466</u>	<u>4,467</u>	<u>(746)</u>	<u>(655)</u>	<u>(280)</u>	<u>3,812</u>
Net assets - beginning of year	<u>32,335</u>	<u>27,867</u>	<u>34,040</u>	<u>34,694</u>	<u>66,375</u>	<u>62,561</u>
Net assets - end of year	<u>\$ 32,801</u>	<u>\$ 32,334</u>	<u>\$ 33,294</u>	<u>\$ 34,039</u>	<u>\$ 66,095</u>	<u>\$ 66,373</u>

Governmental activities. Program revenues generated nearly one-third of the City's governmental revenues. The major sources of this are providing services to outside agencies, redistributing the cost of governmental services to the operating departments through a cost allocation plan, and revenue received through the Finance Department. The City received \$2.7 less in grants compared to the prior year. The City's property tax revenues increased slightly even though the county assessor's office assessed Brisbane residential properties down. The Sales Tax revenue decreased \$99 over the previous year due to the overpayment by the state.

As would be anticipated in a government, those areas which provide the least private-good oriented services have the highest net cost. Police and Fire services are provided to the whole community and City Council has made the decision that these services should be paid for by the community as a whole through its general taxes (Property, Sales, and others).

Resources by Source - Governmental Activities



Business-type Activities. Business-type activities decreased the City's net assets by \$746, a \$91 change over the prior year. Business-type net assets account for 50% of the City's total net assets.

- Program revenues decreased by \$245. Charges for services for water and sewer did not increase for the year and fewer programs were offered in Park and Recreation.
- Expenses increased by less than 1% (\$74) due mostly to the City's efforts to contain costs.

THE CITY FUNDS (IN THOUSANDS)

Governmental Funds

At June 30, 2010, the City's Governmental Funds reported combined fund balances of \$18,373, an increase of \$4,162 (29 percent) compared with last year. Approximately \$3,723 of the increase is due to reclassification of Rainy Day fund from Internal Service fund to the General Fund.

The Governmental Fund revenues increase is mostly from taxes and special assessments and licenses, permits and fee. The current economy has also impacted the revenues from grants (intergovernmental), fines and forfeitures and other revenues.

Governmental Fund expenditures decreased due to the completion of major capital projects. The large increase in public works is due to the mandated payment made by the redevelopment agencies to the State of California.

General Fund – The General Fund ended the year with a fund balance of \$10,109. Of this amount, \$6,879 is reserved for various purposes including: Encumbrances, Advances to Other Funds, Loans Receivables and Rainy Day. The Unreserved/Undesignated portion of the Fund Balance is \$3,229. The General Fund's reserves still exceed the Council's policy of 50% of its expenditures in reserves when the Rainy Day Fund Balance is included.

The City's tax revenues saw an increase from FY 2008/09. Sales Tax increased \$1,020 based in part on the prior year which was high from the error made by the state and the method used for calculating sales tax. Property Tax increased by approximately \$352. The Transient Occupancy Tax showed an increase of \$27 from the previous year because of the rate increase approved by the voters in November. The City's revenues reflect the current state of the economy in the bay area.

Staff continued to look for ways to reduce expenditures with minimal impacts to the community. City staff again gave up their cost of living increases. As employees retired, their positions were not filled and remaining staff has stepped up to cover the work to be done. These decreases in expenditures were offset with increases in health, workers compensation, and liability insurance increases as well as an increase in retirement obligations.

Community Redevelopment Agency - The Community Redevelopment Agency had an ending deficit fund balance of \$(10,306). This includes \$17,069 in an advance from the City's Financing Authority. This is a long-term debt which the Agency's property tax revenue will be able to repay over the life of the loan. The State of California mandated payments from the redevelopment agencies in the state. The City advanced \$1,294 to the project areas to cover a portion of the take-away.

Proprietary funds

At June 30, 2010, the City's Enterprise Funds reported combined net assets of \$33,294, which is a decrease of about \$831 from FY 2008/09.

Utility Fund - In FY 2009/10 the City chose not to pass on the inflation increase to water and sewer. The city saw an overall decrease in revenues due to consumer conservation measures.

Parks and Recreation Fund - In FY 2009/10 the City still saw an operating loss. Operating revenues declined by \$103 and the operating expenditures also decreased by \$233 over this same time period. The General Fund provided fewer subsidies to parks and recreation programs. One of the endearing aspects of the City of Brisbane is the ability for its citizens to connect with other citizens in a small town atmosphere. In order to maintain this, the City aggressively supports recreation opportunities for all segments including children, teens and seniors. In order to ensure all residents have access to our programs we subsidize new programs with general tax revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS (IN THOUSANDS)

The General Fund expenditures came in under budget by \$1,275. The expenditure savings were the result of a Government-Wide effort to cut costs in order to ensure that the City would be able to maintain its commitment to long-term financial stability. The General Fund total revenues were over the adopted budget estimates by \$1,695. This was mostly due to the conservative estimate in taxes and special assessments.

During the current fiscal year, the fund balance in the General Fund decreased to \$10,109. The City Council has an adopted policy of maintaining 50% of expenditures in the fund balance. Currently, the City meets this requirement with the \$3,780 in the Rainy Day Reserves.

CAPITAL ASSETS (IN THOUSANDS)

The City of Brisbane's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$86,083 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and structures, machinery and equipment, infrastructure (streets, lighting, traffic signals), park facilities, sewer and water infrastructure (water tanks, sewer lift stations, pipes, force mains), and the marina. The total decrease in the investment in capital assets for the current fiscal year was \$381 (\$113 increase for governmental activities and \$494 decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction wrap up on the City Hall remodel project. An additional \$219 was spent during the current fiscal year.
- The City replaced one public works vehicle. The replaced vehicle had reached the end of its useful life. The City does not have a strict replacement schedule but does review its vehicles after they have reached 10 years of age to determine if the cost of maintenance out weighs the cost of replacement. The City works at replacing vehicles with more fuel efficient vehicles thus reemphasizing our commitment to sustainability and a smaller carbon footprint.
- Replaced one police vehicle per the City's rotation schedule.
- Completed a police security project with a technology grant.

(in thousands)	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2010
Non-depreciable assets:						
Land	\$ 11,811	\$ 11,811	\$ 1,111	\$ 1,111	\$ 12,922	\$ 12,922
Construction in progress	23,771	23,715	797	335	24,568	24,050
Total non-depreciable assets	35,582	35,526	1,908	1,446	37,490	36,972
Depreciable assets:						
Land improvements	1,616	1,324	9,773	9,773	11,389	11,097
Buildings and structures	3,923	3,923	12,655	12,655	16,578	16,578
Machinery and equipment	2,530	2,477	943	946	3,473	3,423
Infrastructure	15,456	15,334	30,348	30,266	45,804	45,600
Total depreciable assets	23,525	23,058	53,719	53,640	77,244	76,698
Less accumulated depreciation	(9,403)	(8,995)	(19,248)	(18,212)	(28,651)	(27,206)
Total depreciable assets, net	14,122	14,063	34,471	35,428	48,593	49,492
Total capital assets	\$ 49,703	\$ 49,590	\$ 36,380	\$ 36,874	\$ 86,083	\$ 86,464

Additional information on the City of Brisbane's capital assets can be found in note 5 on pages 56-58 of this report.

DEBT ADMINISTRATION

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$45,735. Of this amount, \$3,930 comprises debt backed by the full faith and credit of the government. The remaining debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

In thousands	Long-Term Debt at June 30,					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Pension obligation bonds	\$ 3,930	\$ 4,180	\$ -	\$ -	\$ 3,930	\$ 4,180
Revenue bonds	37,812	39,715	3,880	3,980	41,692	43,695
Capital lease	-	-	113	136	113	136
Total	\$ 41,742	\$ 43,895	\$ 3,993	\$ 4,116	\$ 45,735	\$ 48,011

The total debt decreased by \$2,276 (5 percent) during the current fiscal year because of debt service payments.

The City of Brisbane maintained an "A-" rating from Standard & Poor's.

Additional information on the City's long-term debt can be found in note 7 pages 59-66.

ECONOMIC OUTLOOK

The City is part of the general San Francisco/Silicon Valley area and has a light industrial commercial base. There are a handful of businesses that make up a sizable portion of City revenues. The five largest Sales Tax producers are now 75.66% of all Sales Tax collected. We have been advised that one of our major sales tax providers is planning on moving its operations out of Brisbane by 2013.

In addition, the City's room tax revenues are generated by the two hotels located at Sierra Point. The City is working with the Chamber of Commerce to develop economic sustainability for our businesses.

Brisbane also has one of the largest (over 500 acres) undeveloped commercial parcels of land remaining in San Mateo County. This parcel is contiguous with the boundaries of the City/County of San Francisco and is located within seven minutes of the San Francisco International Airport. The commercial development of this parcel is expected to take place over the next 5-10 years since the owner has submitted a Specific Plan for the site. The Specific Plan has a combination of retail, commercial, and open space. While the related economic benefits to the City from the development of this parcel cannot be estimated at this time, it is anticipated to be significant, possibly capable of providing the City with future revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The CAFR is intended to provide residents, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 50 Park Place, Brisbane, California.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Brisbane
Statement of Net Assets
June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 14,102,685	\$ 677,979	\$ 14,780,664
Accounts receivable, net	1,034,876	851,751	1,886,627
Taxes receivable	1,862,349	40	1,862,389
Short-term internal balances	1,339,369	(1,339,369)	-
Deferred charges	145,583	-	145,583
Prepays and other assets	550,639	118	550,757
Total current assets	19,035,501	190,519	19,226,020
Noncurrent assets:			
Restricted cash and investments with fiscal agents	3,694,270	-	3,694,270
Loans receivable, net	3,931,384	571,553	4,502,937
Long-term internal balances	(1,264,081)	1,264,081	-
Net pension asset	4,069,153	-	4,069,153
Capital assets:			
Non-depreciable	35,581,585	1,908,476	37,490,061
Depreciable, net	14,121,778	34,471,432	48,593,210
Total capital assets	49,703,363	36,379,908	86,083,271
Total noncurrent assets	60,134,089	38,215,542	98,349,631
Total assets	79,169,590	38,406,061	117,575,651
LIABILITIES			
Current liabilities:			
Accounts payable	360,742	374,654	735,396
Accrued payroll	219,021	297,477	297,498
Interest payable	525,026	61,262	586,288
Deposits	757,292	191,782	949,074
Claims payable - due within one year	199,191	-	199,191
Compensated absences - due within one year	162,814	41,055	203,869
Capital leases - due within one year	-	22,652	22,652
Long-term debt - due within one year	2,351,552	105,000	2,456,552
Total current liabilities	4,575,638	874,882	5,450,520
Noncurrent liabilities:			
Claims payable - due in more than one year	597,571	-	597,571
Compensated absences - due in more than one year	488,442	123,164	611,606
Other Post Employment Benefits obligation	1,316,438	247,983	1,564,421
Capital leases - due in more than one year	-	90,604	90,604
Long-term debt - due in more than one year	39,390,275	3,775,000	43,165,275
Total liabilities	46,368,364	5,111,632	51,479,996
NET ASSETS			
Invested in capital assets, net of related debt	32,383,363	32,386,652	64,770,015
Restricted for:			
Capital projects	423,132	2,251,649	2,674,781
Debt service	18,121,662	-	18,121,662
Specific projects and programs	397,998	-	397,998
Total restricted	18,942,792	2,251,649	21,194,441
Unrestricted	(18,524,929)	(1,343,872)	(19,868,801)
Total net assets	\$ 32,801,226	\$ 33,294,429	\$ 66,095,655

See accompanying Notes to Basic Financial Statements.

City of Brisbane
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2010

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Total
Primary Government:				
Governmental activities:				
General government	\$ 6,023,982	\$ 2,206,889	\$ 218,651	\$ 2,425,540
Public safety - police	3,506,178	395,576	-	395,576
Public safety - fire	2,532,149	204,081	-	204,081
Public works	4,927,730	3,819,605	-	3,819,605
Interest on long-term debt	2,519,083	-	-	-
Total governmental activities	19,509,122	6,626,151	218,651	6,844,802
Business-type activities:				
Water	1,230,874	1,304,385	-	1,304,385
Sewer	1,449,738	1,091,472	-	1,091,472
Guadalupe Valley Municipal Improvement District	1,526,410	1,514,932	-	1,514,932
Parks and recreation	3,455,913	1,966,170	-	1,966,170
Total business-type activities	7,662,935	5,876,959	-	5,876,959
Total primary government	\$ 27,172,057	\$ 12,503,110	\$ 218,651	\$ 12,721,761

General Revenues and Transfers:

Taxes:

Property taxes

Sales taxes

Unrestricted Motor vehicle license fee taxes

Transient Occupancy Tax

Franchise Fees

Total taxes

Investment earnings (loss)

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (3,598,442)	\$ -	\$ (3,598,442)
(3,110,602)	-	(3,110,602)
(2,328,068)	-	(2,328,068)
(1,108,125)	-	(1,108,125)
(2,519,083)	-	(2,519,083)
<u>(12,664,320)</u>	<u>-</u>	<u>(12,664,320)</u>
-	73,511	73,511
-	(358,266)	(358,266)
-	(11,478)	(11,478)
<u>-</u>	<u>(1,489,743)</u>	<u>(1,489,743)</u>
<u>-</u>	<u>(1,785,976)</u>	<u>(1,785,976)</u>
<u>(12,664,320)</u>	<u>(1,785,976)</u>	<u>(14,450,296)</u>
7,386,568	-	7,386,568
5,006,923	-	5,006,923
8,630	-	8,630
1,357,129	-	1,357,129
<u>-</u>	<u>28,210</u>	<u>28,210</u>
13,759,250	28,210	13,787,460
206,093	96,560	302,653
80,687	-	80,687
<u>(915,200)</u>	<u>915,200</u>	<u>-</u>
<u>13,130,830</u>	<u>1,039,970</u>	<u>14,170,800</u>
466,510	(746,006)	(279,496)
<u>32,334,716</u>	<u>34,040,435</u>	<u>66,375,151</u>
<u>\$ 32,801,226</u>	<u>\$ 33,294,429</u>	<u>\$ 66,095,655</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

This fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund.

Community Redevelopment Agency Special Revenue Fund

Redevelopment agencies are component units and as such, their general funds are treated as funds of the government itself and therefore must be reclassified as special revenue funds (GASB 2600.117). Revenues of the Agency, generally tax increment received from the County, are restricted for use to redevelopment of a specified project area for the benefit of the citizens and businesses located in that area. Expenditures related to redevelopment activities are, likewise, posted to these special revenue funds.

Redevelopment statutes require, absent a finding to defer, that 20% of all tax increment received by project areas be diverted to use for low and/or moderate income housing programs. Thus, a separate special revenue fund was established in accordance with the Health and Safety statutes to account for housing revenues and expenditures for low and/or moderate income programs.

Brisbane Public Financing Authority

2001 Revenue Bonds, Series A Debt Service Fund - This fund accounts for the debt service for the 2001 Revenue Bonds, Series A which were issued to refinance the 1984 Tax Allocation Bonds that were issued by the Community Development Agency Project Area #1. This fund accounts for the repayment of debt related to the construction of public facilities, a 576-slip marina and infrastructure improvements in the Project Area.

City of Brisbane
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds		
	General Fund	Community Redevelopment Agency Special Revenue	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service
ASSETS			
Cash and investments	\$ 3,026,877	\$ 6,763,412	\$ 806
Restricted cash and investments with fiscal agents	-	-	2,033,962
Accounts receivable, net	988,423	-	-
Taxes receivable	1,832,730	-	-
Due from other funds	2,747,310	-	-
Prepays and other assets	156,785	-	-
Loans receivable	808,508	3,122,876	-
Advances to other funds	2,323,714	-	13,480,000
Total assets	\$ 11,884,347	\$ 9,886,288	\$ 15,514,768
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	175,648	873	806
Accrued payroll	212,387	-	-
Due to other funds	-	-	-
Deposits	675,691	-	-
Deferred revenue	711,147	3,122,876	-
Advances from other funds	-	17,069,104	-
Total liabilities	1,774,873	20,192,853	806
Fund Balances:			
Reserved:			
Encumbrances	16,328	2,650	-
Loans receivable	808,508	-	-
Advances to other funds	2,323,714	-	13,480,000
Prepays	7,999	-	-
Debt service	-	-	2,033,962
Capital improvement/muni facilities	-	-	-
NER gym facility	-	-	-
Beaty Street	-	-	-
Total reserved	3,156,549	2,650	15,513,962
Unreserved, undesignated			
General fund	6,952,925	-	-
Special revenue funds	-	(10,309,215)	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	10,109,474	(10,306,565)	15,513,962
Total liabilities and fund balances	\$ 11,884,347	\$ 9,886,288	\$ 15,514,768

See accompanying Notes to Basic Financial Statements.

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,751,655	\$ 12,542,750
1,660,308	3,694,270
46,453	1,034,876
29,619	1,862,349
-	2,747,310
-	156,785
-	3,931,384
491,696	16,295,410
<u>\$ 4,979,731</u>	<u>\$ 42,265,134</u>

38,712	216,039
6,634	219,021
1,306,011	1,306,011
81,601	757,292
-	3,834,023
490,387	17,559,491
<u>1,923,345</u>	<u>23,891,877</u>

34,929	53,907
-	808,508
491,696	16,295,410
-	7,999
1,577,790	3,611,752
6,300,617	6,300,617
347,724	347,724
100,000	100,000
<u>8,852,756</u>	<u>27,525,917</u>

-	6,952,925
(28,198)	(10,337,413)
1,063,240	1,063,240
(6,831,412)	(6,831,412)
<u>3,056,386</u>	<u>18,373,257</u>
<u>\$ 4,979,731</u>	<u>\$ 42,265,134</u>

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City of Brisbane
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Total Governmental Funds \$ 18,373,257

Amounts reported for governmental activities in the Statement of Net Assets were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds. Capital assets were adjusted as follows:

- Non-depreciable	35,581,585
- Depreciable, net	14,121,778
Total capital assets	49,703,363

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds. (525,026)

Deferred charges on issuance of long-term debt were not current financial resources. Therefore, they were not reported in the governmental funds. This amount is to be amortized over the life of the long-term debt. 145,583

Deferred revenue recorded in the governmental fund resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 3,834,023

Internal Service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal Service funds were included in governmental activities in the Government-Wide Statement of Net Assets.

- Dental self-insurance	149,492
- Fringe benefits	1,204,307
- Flexible benefits	22,917
- Workers compensation	(800,122)
- General liability	353,694
- Other Post Employment Benefits	(19,894)
Total internal service funds	910,394

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.

- Compensated absences - due within one year	(162,814)
- Long-term liabilities - due within one year	(2,351,552)
- Compensated absences - due in more than one year	(488,442)
- Long-term liabilities - due in more than one year	(39,390,275)
Total long-term liabilities	(42,393,083)

Other Post Employment Benefits obligations are not due and payable in the current period and therefore are not reported in the governmental fund financial statements. (1,316,438)

Net pension asset was not current financial resources. Therefore, it was not reported in the Governmental Funds Balance Sheet. This amount is to be amortized in accordance with GASB No.27 and 45. 4,069,153

Net Assets of Governmental Activities \$ 32,801,226

See accompanying Notes to Basic Financial Statements.

City of Brisbane
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	Major Funds			
	General Fund	Community Redevelopment Agency Special Revenue	Brisbane Public Financing Authority 2001 Revenue Bonds Series A Debt Service	Non-Major Governmental Funds
REVENUES:				
Taxes and special assessments	\$ 8,540,765	\$ 5,006,005	\$ -	\$ 1,683,215
Intergovernmental	50,589	-	-	937,924
Licenses, permits and fees	1,109,398	-	-	175,439
Charges for services	335,150	-	-	-
Fines and forfeitures	88,649	-	-	-
Use of money and property	167,232	67,290	170	49,657
Other revenues	2,699,146	-	-	40,266
Total revenues	12,990,929	5,073,295	170	2,886,501
EXPENDITURES:				
Current:				
General government	4,624,168	306,593	-	18,610
Public safety - police	3,031,146	-	-	133,632
Public safety - fire	2,402,989	-	-	5,567
Public works	1,618,983	2,329,597	-	604,523
Library	23,550	-	-	-
Capital outlay	101,990	-	-	889,984
Debt service:				
Principal	-	-	780,000	1,275,000
Interest and fiscal charges	-	137,099	1,255,960	1,149,788
Total expenditures	11,802,826	2,773,289	2,035,960	4,077,104
REVENUES OVER (UNDER) EXPENDITURES	1,188,103	2,300,006	(2,035,790)	(1,190,603)
OTHER FINANCING SOURCES (USES):				
Transfers in	33,887	-	1,755,959	1,527,316
Transfers out	(2,157,122)	(2,064,206)	-	(3)
Total other financing sources (uses)	(2,123,235)	(2,064,206)	1,755,959	1,527,313
Net change in fund balances	(935,132)	235,800	(279,831)	336,710
FUND BALANCES:				
Beginning of year, as restated	11,044,606	(10,542,365)	15,793,793	2,719,676
End of year	\$ 10,109,474	\$ (10,306,565)	\$ 15,513,962	\$ 3,056,386

See accompanying Notes to Basic Financial Statements.

Total
Governmental
Funds

\$ 15,229,985
988,513
1,284,837
335,150
88,649
284,349
2,739,412
20,950,895

4,949,371
3,164,778
2,408,556
4,553,103
23,550
991,974

2,055,000
2,542,847

20,689,179

261,716

3,317,162
(4,221,331)

(904,169)

(642,453)

19,015,710

\$ 18,373,257

City of Brisbane

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ (642,453)
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:	
Governmental funds reported acquisition of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	794,450
Governmental activities transferred capital assets to business-type activities. The capital asset transfer was not reported in the governmental funds because it did not require the use of current financial resources.	(85,102)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in Governmental Funds.	(410,180)
Net loss from capital asset disposal reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(186,009)
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	2,055,000
Cost of issuance was an expenditure in governmental funds, but in the Government-Wide Statement of Net Assets, deferred charges were recorded and are being amortized over the life of the bond. This amount is the current year amortization expense.	(11,089)
Compensated absences was an expenditure in governmental funds, but the accrued liability increased in the Government-Wide Statement of Net Assets.	(103,176)
Accrued interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, accrued interest expense was not reported as expenditures in governmental funds. The following amount represents the change in accrued interest payable from the prior year.	41,472
Amortization of net pension asset did not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	(202,630)
Amortization of bond discount did not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	(6,619)
Revenue that has not met the revenue recognition criteria in the governmental fund is recognized as revenue in the Government-Wide Financial Statements, such as revenue from taxes and loans not available within 60 days.	(73,219)
Accrual of OPEB obligations does not require the use of current financial resources and therefore is not recorded as expenditures on the governmental fund financial statements.	(631,346)
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds was reported with governmental activities.	(72,589)
Change in Net Assets of Governmental Activities	<u>\$ 466,510</u>

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Utility Fund is comprised of the following services:

Water

Represents expenses incurred in the purchase and distribution of water to City residents and businesses; water users support this activity through payment of water billings which are rendered based on read meters.

Sewer

Represents expenses incurred in the collection and pumping of sewage waste to the City of San Francisco Sewer Treatment Plant where it is treated and discharged to the bay; sewer users support this activity through payment of sewer service billings.

Guadalupe Valley Municipal Improvement District

Represents expenses related to providing water, sewer and other municipal services to businesses and residents located within the district boundaries. Revenues to support this activity are derived from property taxes, water and sewer billings and special assessments.

Parks and Recreation Enterprise Fund

This fund accounts for expenses incurred in the operation and maintenance of a boat harbor and marina; berth rentals provide the source of revenue to support this activity. This fund also includes the activities of the Parks and Recreation Center which were reclassified from the general fund in fiscal year 2001-2002.

Internal Service Funds

These funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

City of Brisbane
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Utility	Parks and Recreation	Total	Governmental Activities Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 85,102	\$ 592,877	\$ 677,979	\$ 1,559,935
Accounts receivable, net	726,207	125,544	851,751	-
Taxes receivable	40	-	40	-
Due from other funds	-	-	-	-
Other assets	-	118	118	393,854
Total current assets	811,349	718,539	1,529,888	1,953,789
Noncurrent assets:				
Loans receivable	-	571,553	571,553	-
Advances to other funds	-	2,295,996	2,295,996	-
Capital assets:				
Non-depreciable	1,440,222	468,254	1,908,476	-
Depreciable, net	27,335,154	7,136,278	34,471,432	-
Total capital assets	28,775,376	7,604,532	36,379,908	-
Total noncurrent assets	28,775,376	10,472,081	39,247,457	-
Total assets	29,586,725	11,190,620	40,777,345	1,953,789
LIABILITIES				
Current liabilities:				
Accounts payable	304,765	69,889	374,654	144,703
Interest payable	61,262	-	61,262	-
Accrued claims payable due within one year	-	-	-	199,191
Compensated absences due within one year	16,578	24,477	41,055	-
Due to other funds	1,339,369	-	1,339,369	101,930
Deposits	10,698	181,084	191,782	-
Accrued payroll	22,810	55,667	78,477	-
Capital lease due within one year	22,652	-	22,652	-
Bonds payable due within one year	105,000	-	105,000	-
Total current liabilities	1,883,134	331,117	2,214,251	445,824
Noncurrent liabilities:				
Advances from other funds	1,031,915	-	1,031,915	-
Accrued claims payable due in more than one year	-	-	-	597,571
Compensated absences due in more one year	49,734	73,430	123,164	-
Capital lease due in more than one year	90,604	-	90,604	-
Bonds payable due in more than one year	3,775,000	-	3,775,000	-
Other Post Employment Benefits Obligation	34,163	213,820	247,983	-
Total noncurrent liabilities	4,981,416	287,250	5,268,666	597,571
Total liabilities	6,864,550	618,366	7,482,916	1,043,395
NET ASSETS				
Invested in capital assets, net of related debt	24,782,120	7,604,532	32,386,652	-
Restricted for:				
Capital projects	759,440	1,492,209	2,251,649	-
Unrestricted	(2,819,385)	1,475,513	(1,343,872)	910,394
Total net assets	\$ 22,722,175	\$ 10,572,254	\$ 33,294,429	\$ 910,394

See accompanying Notes to Basic Financial Statements.

City of Brisbane
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2010

	Utility	Parks and Recreation	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 3,910,604	\$ 1,957,789	\$ 5,868,393	\$ 1,021,245
Other revenues	185	8,381	8,566	1,417
Total operating revenues	3,910,789	1,966,170	5,876,959	1,022,662
OPERATING EXPENSES:				
Costs of sales and services	1,812,158	688,421	2,500,579	1,182,478
General and administrative	1,578,038	2,314,227	3,892,265	-
Depreciation	632,416	403,500	1,035,916	-
Total operating expenses	4,022,612	3,406,148	7,428,760	1,182,478
OPERATING LOSS	(111,823)	(1,439,978)	(1,551,801)	(159,816)
NONOPERATING REVENUES (EXPENSES):				
Franchise fees	28,210	-	28,210	-
Miscellaneous expense	-	-	-	-
Investment income	(7,973)	104,533	96,560	13,156
Interest expense	(184,410)	(49,765)	(234,175)	-
Total nonoperating revenues (expenses)	(164,173)	54,768	(109,405)	13,156
LOSS BEFORE CONTRIBUTION AND TRANSFERS	(275,996)	(1,385,210)	(1,661,206)	(146,660)
Capital contributions	85,102	-	85,102	-
Transfers in	-	921,548	921,548	107,958
Transfers out	(91,450)	-	(91,450)	(33,887)
Total contributions and transfers	(6,348)	921,548	915,200	74,071
Change in net assets	(282,344)	(463,662)	(746,006)	(72,589)
NET ASSETS:				
Beginning of year	23,004,519	11,035,916	34,040,435	982,983
End of year	<u>\$ 22,722,175</u>	<u>\$ 10,572,254</u>	<u>\$ 33,294,429</u>	<u>\$ 910,394</u>

See accompanying Notes to Basic Financial Statements.

City of Brisbane
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2010

	Utility	Parks and Recreation	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 4,023,107	\$ 1,960,039	\$ 5,983,146	\$ -
Cash payments to suppliers	(1,794,483)	(711,919)	(2,506,402)	(1,520,403)
Cash payments for general and administrative	(697,473)	(239,442)	(936,915)	-
Cash payments to employees	(848,959)	(1,939,125)	(2,788,084)	-
Cash received from (payments to) other funds	-	-	-	1,022,662
Cash received from (payments to) other	1,217	9,422	10,639	82,010
Net cash provided (used) by operating activities	683,409	(921,026)	(237,617)	(415,731)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Franchise fees	28,210	-	28,210	-
Capital lease payment	(22,652)	-	(22,652)	-
Transfers in	-	921,548	921,548	107,958
Transfers out	(91,450)	-	(91,450)	(33,887)
Net cash provided (used) by noncapital financing activities	(85,892)	921,548	835,656	74,071
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of property, plant and equipment, net of transfer	(520,153)	(21,245)	(541,398)	-
Capital contribution received	85,102	-	85,102	-
Principal payment of debt	(100,000)	-	(100,000)	-
Loans receivable	-	20,889	20,889	-
Due from other funds	-	-	-	101,775
Due to other funds	222,320	-	222,320	155
Advances from other funds	(42,178)	-	(42,178)	-
Interest paid	(186,993)	(49,765)	(236,758)	-
Net cash used by capital and related financing activities	(541,902)	(50,121)	(592,023)	101,930
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	(7,973)	106,410	98,437	15,316
Net cash provided (used) by investing activities	(7,973)	106,410	98,437	15,316
Net increase (decrease) in cash and cash equivalents	47,642	56,812	104,454	(224,414)
CASH AND CASH EQUIVALENTS:				
Beginning of year	37,460	536,065	573,525	1,784,349
End of year	\$ 85,102	\$ 592,877	\$ 677,979	\$ 1,559,935
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating loss	\$ (111,823)	\$ (1,439,978)	\$ (1,551,801)	\$ (159,816)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	632,416	403,500	1,035,916	-
Changes in current assets and liabilities:				
Accounts receivable	112,503	2,250	114,753	-
Taxes receivable	1,032	-	1,032	-
Other assets	-	1,041	1,041	(53,707)
Accounts payable and accrued liabilities	35,045	(33,552)	1,493	(337,925)
Accrued claims payable	-	-	-	135,717
Compensated absences	3,661	16,707	20,368	-
Deposits	(17,370)	10,054	(7,316)	-
Other Post Employment Benefits Obligation	24,695	112,698	137,393	-
Accrued payroll	3,250	6,255	9,505	-
Total adjustments	795,232	518,952	1,314,184	(255,915)
Net cash provided (used) by operating activities	\$ 683,409	\$ (921,026)	\$ (237,617)	\$ (415,731)

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Funds

Are used to account for resources legally held in trust for special purposes.

Agency Funds

Are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's program.

City of Brisbane
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private- Purpose Trusts	Agency Funds
ASSETS		
Cash and investments	\$ 765,754	\$ 1,170,687
Restricted cash and investments with fiscal agents	-	348,779
Accounts receivable	996,450	211,175
Taxes receivable	-	10,738
Total assets	\$ 1,762,204	\$ 1,741,379
LIABILITIES		
Accounts payable	12,110	\$ 15,928
Deposits	-	743,721
Due to bondholders	847,194	981,730
Total liabilities	859,304	\$ 1,741,379
NET ASSETS		
Held in trust for private-purposes	\$ 902,900	

See accompanying Notes to Basic Financial Statements.

City of Brisbane
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2010

	Private- Purpose Trusts
	<u> </u>
ADDITIONS:	
Developer reimbursement	\$ 189,062
Investment income	970
Total additions	<u>190,032</u>
 DEDUCTIONS:	
General government	200,331
Public works	38,367
Total deductions	<u>238,698</u>
 Change in net assets	 (48,666)
 NET ASSETS:	
Beginning of year	<u>951,566</u>
End of year	<u><u>\$ 902,900</u></u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Brisbane
Notes to Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Brisbane, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City was incorporated on November 27, 1961, under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The following entities are reported as blended component units:

Brisbane Community Redevelopment Agency (Agency) was established in April 1976 pursuant to the State of California Health and Safety Code Section 33000, entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City. The members of the City Council act as the governing bodies of the Agency.

Brisbane Public Financing Authority (Authority) was formed on April 8, 1991, by and between the City and the Agency of the City. The Authority was created for the purpose of providing financing of public capital improvements for the City and the Agency. The Authority has the power to issue bonds to pay the cost of any public capital improvement. The Authority has no independent staff and consequently is dependent upon the City's officers and employees. The governing board of the Authority is comprised of the members of the City Council of the City and the members of the Board of the Agency.

Guadalupe Valley Municipal Improvement District (District) was formed as an enterprise activity in May 1990. The purpose of the District is to provide capital and infrastructure improvements to residents of the area. The members of the City Council act as the governing body of the District.

Detailed financial statements are available for the above component units from the City's Finance Department.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government - Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in two categories:

- Charges for services
- Operating grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Assets, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government - Wide Financial Statements, Continued

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria. The following are descriptions of the major funds.

General Fund - This fund accounts for resources which are not required legally or by sound financial management to be accounted for in another fund.

Community Redevelopment Agency Special Revenue Fund - This fund accounts for redevelopment activities. Redevelopment agencies are component units and as such, their general funds are treated as funds of the government itself and therefore must be reclassified as special revenue funds (GASB 2600.117). Revenues of the Agency, generally tax increment received from the County, are restricted for use to redevelopment of a specified project area for the benefit of the citizens and businesses located in that area. Expenditures related to redevelopment activities are, likewise, posted to these special revenue funds. In addition, the redevelopment statutes require, absent a finding to defer, that 20% of all tax increment received by project areas be diverted to use for low and/or moderate income housing programs. Thus, a separate special revenue fund was established in accordance with the Health and Safety statutes to account for housing revenues and expenditures for low and/or moderate income programs.

Brisbane Public Financing Authority 2001 Revenue Bonds, Series A Debt Service Fund - This fund accounts for the debt service for the 2001 Revenue Bonds, Series A which were issued to provide funds to acquire the Agency's debts and refinance certain redevelopment activities in the Agency's Project Area #1.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed and revenue is recognized.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major enterprise fund. The City has all enterprise funds presented as major funds.

Utility Enterprise Fund - This fund accounts for revenues and expenses incurred for the water, sewer and Guadalupe Valley Municipal Improvement District.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements, Continued

Parks and Recreation Enterprise Fund - This fund accounts for expenses incurred in the operation and maintenance of a boat harbor and marina; berth rentals provide the source of revenue to support this activity. This fund also includes the activities of the Parks and Recreation Center which was reclassified from the General Fund in 2001/2002.

Internal Service Funds - These funds account for activities related to dental self-insurance, fringe benefits, flexible benefits, workers' compensation and general liability.

A separate column representing internal service funds is also presented in these statements. However, internal service fund balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets and a Statement of Changes in Fiduciary Net Assets. The City's fiduciary funds represent agency funds and private-purpose trust funds and are accounted for using the "economic resources" measurement focus. The private-purpose trust funds are used to account for resources legally held in trust for special purposes. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Both types of the funds are accounted for using accrual basis of accounting.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

D. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, entitled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for deposits and investment risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial credit risk
 - Concentrations of credit risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

E. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans)." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

Advances between funds, reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources

G. Capital Assets

Government-Wide Financial Statements

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Gifts or contributions of capital assets are recorded at fair market value when received. City policy has set the capitalization threshold for reporting capital assets at the following:

General capital assets	\$ 5,000
Infrastructure capital assets	\$25,000

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and structures	50 years
Improvements other than buildings	20 - 50 years
Water distribution and sewer collection	65 years
Machinery and equipment	5 - 20 years
Infrastructure	50 - 65 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include:

- Street system
- Site amenities such as parking and landscaped areas used by the City in the conduct of its business
- Water, sewer and storm drain systems

Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. Estimated historical costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure network. The book value was then computed by deducting the accumulated depreciation from the estimated historical cost.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

H. Interest Payable

In the Government-Wide Financial Statements, interest payable of long-term debt is recognized as the liability is incurred.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

I. Compensated Absences

The City's compensated absences include regular vacation, administrative leaves, and compensation hours. Employees earn varying amounts of vacation depending upon continuous tenure with the City. When an employee cannot take all of their annual vacation in a particular calendar year, such vacation shall either be taken during the following calendar year or paid for at the discretion of the City Manager. Use of vacation may be deferred to the following year, but the total amount of vacation may not exceed two years annual accrual without City Manager approval. Total amount of administrative leaves may not exceed one year. All compensated absences amounts vest and are payable upon the employee's separation from employment. For governmental funds, compensated absences are recorded for employees who have separated from the City but have not yet been paid at the end of the fiscal year. All other compensated absences liabilities for governmental activities are recorded as current and non-current in the Government-Wide Financial Statements. For proprietary funds, current and non-current liabilities for compensated absences are recorded as expenses in both the Government-Wide Financial Statement and the Fund Financial Statement.

All sick leave benefits lapse upon separation from employment and no liability is recorded for such amounts for any accrued hours because such amounts do not represent either a current or future liability to the City.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Deferred Revenue

In the Government-Wide Financial Statements and for all proprietary funds, deferred revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as deferred revenues in the Government-Wide Financial Statements are long-term assessments, long-term loans receivable, and prepaid charges for services.

In the Governmental Fund Financial Statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, interest on interfund advances receivable, long-term assessments and loans receivable.

K. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Assets

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

M. Fund Balances - Reservations and Designations

In the Fund Financial Statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

N. Property Taxes

Under California law, secured property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas.

Lien Date	January 1
Levy Date	July 1
Due Date	November 1 and February 1
Collection Date	December 10 and April 10

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the City and the County of San Mateo. The Teeter Plan authorizes the Auditor/Controller of the County of San Mateo to allocate 100% of the secured property taxes billed, but not yet paid.

O. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. New Pronouncements

In 2010 the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement:

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* – the Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, patents, trademarks, and computer software. The City has determined there is not material impact on the financial statements as a result of implementing this standard.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on period-end cash and investment balances in these funds.

A. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2010:

	Government-Wide Statement of Net Assets		Statement of Fiduciary Net Assets	Total
	Governmental Activities	Business-Type Activities		
Cash and Investments	\$ 14,102,685	\$ 677,979	\$ 1,936,441	\$ 16,717,105
Restricted Cash and Investments with Fiscal Agents:				
Current	\$ -	\$ -	\$ 348,779	\$ 348,779
Noncurrent	3,694,270	-	-	3,694,270
Total restricted cash and investments with fiscal agents	\$ 3,694,270	\$ -	\$ 348,779	\$ 4,043,049

B. Cash Deposits

The carrying amount of the City's deposits was \$4,130,005 at June 30, 2010. Bank balances before reconciling items were \$3,967,081 at that date. The total bank balance was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

B. Cash Deposits, continued

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments

The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy (the Policy), adopted on January 3, 2006, which is more conservative than that allowed by State statute.

Under provisions of this policy, the City is authorized to invest in the following types of investments:

Negotiable Certificates of Deposit	Government Agency Securities
Time Certificates of Deposit	Treasury Bonds, Bills, and Notes
Bankers Acceptances	Medium-Term Corporate Notes
Commercial Paper	State of California Local Agency Investment Fund

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Pools*, investments were stated at fair value using the aggregate method.

The City's investments with LAIF, a State of California external investment pool, at June 30, 2010, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or state maturity) depend upon one or more indices and/or that have embedded forwards or options.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

C. Investments, continued

Asset-Backed Securities - generally, mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2010, the City had \$7,113,325 invested in LAIF, which had invested 5.42% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.001643776 was used to calculate the fair value of the investments in LAIF.

D. Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City's portfolio not to exceed five years.

Investments held in the City Treasury grouped by maturity date at June 30, 2010, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)	
		1 year or less	2-3 years
Deposits	\$ 4,130,005	\$ 4,130,005	\$ -
Securities of U.S. Government Treasury and Agencies			
Federal National Mortgage Association	1,005,937	-	1,005,937
Federal Home Loan Bank	1,002,188	-	1,002,188
Federal Farm Credit Bank	503,750	-	503,750
Treasury Obligation	2,961,900	2,961,900	-
Local Agency Investments Funds-City	6,958,200	6,958,200	-
Local Agency Investments Funds-RDA	155,125	155,125	-
Total	\$ 16,717,105	\$ 14,205,230	\$ 2,511,875

Liquidity Standard: As a means of maintaining liquidity, the City's investment policy limits are as follows:

Maturity	% of Portfolio
Up to six months	25% (Minimum)
Six months to five years	75% (Maximum)

Credit Risk. Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. According to the City's investment policy, no more than 5% of the total portfolio may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentalities, and LAIF. If a security is downgraded by either Moody's or S&P to a level below the minimum quality required by the City, it shall be the City's policy to sell that security as soon as practicable. The City's investments were in U.S. Government Securities, which are not subject to credit rating disclosures, and in LAIF, which is not rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. LOANS RECEIVABLE

At June 30, 2010, the City had the following loans receivable:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Funds:				
Loan to Finance Director	\$ 318,750	\$ -	\$ -	\$ 318,750
Loan to City Manager	295,084	-	(5,326)	289,758
2nd Loan to City Manager	200,000	-	-	200,000
Bridge Housing Corporation Loan	2,336,086	-	-	2,336,086
Loan to Habitat for Humanity	355,290	-	-	355,290
First Time Home Buyers	125,000	306,500	-	431,500
Total Governmental Funds	<u>3,630,210</u>	<u>306,500</u>	<u>(5,326)</u>	<u>3,931,384</u>
Proprietary Funds:				
Loan to City Engineer/Director of Public Works	324,139	-	(20,889)	303,250
Loan to Harbor Master	268,303	-	-	268,303
Total Proprietary Funds	<u>592,442</u>	<u>-</u>	<u>(20,889)</u>	<u>571,553</u>
Total	<u>\$ 4,222,652</u>	<u>\$ 306,500</u>	<u>\$ (26,215)</u>	<u>\$ 4,502,937</u>

On April 1, 2002, the City made a loan to the Finance Director in the amount of \$318,750 for the purchase of a home. The entire principal balance together with payment of the "equity sharing amount" is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which the borrower is trustor and trustee. The loan is secured by the Deed of Trust. As of June 30, 2010, the outstanding balance of the loan was \$318,750.

On July 8, 2008, the City made a loan to the City Manager in the amount of \$300,000 secured by a second deed of trust for the purchase of a home. The loan is secured by a Deed of Trust. As of June 30, 2010, the outstanding balance of the loan was \$289,758.

On September 10, 2008, the City modified the loan agreement to advance an additional \$200,000. The additional amount, together with the payment of the "equity sharing amount" is due and payable upon any sale or transfer of the property without the prior written consent of the City (except for the transfer of legal title for estate planning purposes to a revocable living trust of which borrower is the trustor and trustee), or on a date that is eighteen months from the effective date of any termination of borrower's employment with the City. As of June 30, 2010, the outstanding balance of the loan was \$200,000.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. LOANS RECEIVABLE, Continued

In 1999, the Bridge Housing Corporation entered into a loan agreement. The Agency shall loan to the Bridge Housing Corporation, an amount not to exceed \$2,500,000. The obligation to repay the loan is evidenced by a promissory note. The terms of the note provide that Bridge Housing Corporation shall make repayments, to the extent of surplus cash. Such annual payments shall be due and payable in arrears no later than June 1 each year with respect to the previous calendar year, and shall be accompanied by the Developer's report of surplus cash. As of June 30, 2010, the outstanding amount of the loan receivable was \$2,336,086.

On August 15, 2005, the City made a loan to the Peninsula Habitat for Humanity, Inc. in the amount not to exceed \$355,290 to assist in the development of 5 single family townhomes and 2 single-family homes for affordable to low income homebuyers. The loan is on a drawdown basis by the borrower. The entire loan is due and payable at the end of construction in the amount of \$1, provided that all requirements were met. As of June 30, 2010, the outstanding balance of the loan was \$355,290.

The Agency has provided various loan programs for First Time Home Buyers. In general they provide secondary financing for low and moderate buyers in the City. The loans have deferred payments in order to allow the buyers to maximize their purchasing capacity. A loan was made to a borrower on October 28, 2006 in the amount of \$125,000. Another loan in the amount of \$185,000 was made on September 29, 2009 and a third loan in the amount of \$121,500 was made on January 8, 2010. Payment of principal and interest is paid upon sale of property. Units are sold at market value and the Agency also receives as payment a share of the appreciation based on the percentage of the Agency loan to original purchase price. The Agency has first right of refusal to purchased unit to roll over to new eligible buyer. As of June 30, 2010, the outstanding amount of the loan was \$431,500.

On October 22, 2001, the City made a loan to the City Engineer/Director of Public Works in the amount of \$320,000 for the purchase of a home. The entire principal balance together with payment of the "equity sharing amount" is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. On October 1, 2005, the City modified the agreement to include interest in the amount of \$45,479. As of June 30, 2010, the outstanding balance of the loan was \$303,250.

On July 31, 2003, the City made a loan to the Marina Services Director in the amount of \$268,303 for the purchase of a home. The entire principal balance together with payment of the "equity sharing amount" is due and payable immediately upon any sale or transfer of the property, except for a transfer of legal title for estate planning purposes to a revocable living trust for which borrower is trustor and trustee. The loan is secured by the Deed of Trust. As of June 30, 2010, the outstanding balance of the loan was \$268,303.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. INTERFUND TRANSACTIONS

A. Fund Financial Statements

Due To / From Other Funds

At June 30, 2010, the City had the following due to/from other funds:

	Due from Other Funds	
	General Fund	Total
Due to Other Funds		
Governmental Funds:		
Non-Major Governmental Funds	\$ 1,306,011	\$ 1,306,011
Utility Enterprise Fund	1,339,369	1,339,369
Internal Service Fund	101,930	101,930
Total	\$ 2,747,310	\$ 2,747,310

Due to/from other funds represent temporary loans from the General Fund and Internal Service Fund to cover cash flow shortfalls.

Advances To / From Other Funds

At June 30, 2010, the City had the following advances to/from other funds:

	Advances to other funds				
	General Fund	BPFA 2001 Revenue Bonds, Series A Debt Service Fund	Non-Major Governmental Funds	Parks and Recreations Enterprise Fund	Total
Community Redevelopment Agency	\$ 1,293,108	\$ 13,480,000	\$ -	\$ 2,295,996	\$ 17,069,104
Non-major governmental funds	490,387	-	-	-	490,387
Utility Enterprise Fund	540,219	-	491,696	-	1,031,915
Total	\$ 2,323,714	\$ 13,480,000	\$ 491,696	\$ 2,295,996	\$ 18,591,406

Advance from General Fund to Community Redevelopment Agency Area #2 - \$1,293,108 is a loan to cover the operating shortfall of RDA#2 through fiscal year 2010.

Advance from General Fund to General Plan Open Space fund - \$490,387 is a loan on future contributions for the purchase of parcels in Brisbane Acres.

Advance from General Fund to Utility Enterprise Fund - \$540,219 represents a loan to cover the operating loss for the fiscal year 2004/2005.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. INTERFUND TRANSACTIONS, Continued

A. Fund Financial Statements, Continued

Advances To / From Other Funds, Continued

Advances from the Brisbane Public Financing Authority 2001 Revenue Bonds, Series A – On March 1, 2001, the Agency issued \$15,000,000 of Brisbane Community Redevelopment Project Area #1 2001 Tax Allocation Bonds (Bonds) to refund the 1984 Tax Allocation Bonds and to satisfy the Agency’s obligation under the 1984 Lease/Leaseback agreement.

The Bonds mature annually through May 1, 2026 in amounts ranging from \$80,000 to \$1,725,000 beginning May 1, 2003. The Bonds bear interest at a rate per annum equal to 12%. The interest payment is due on May 1 every year starting 2001. The Bonds are subject to optional and mandatory redemption prior to maturity. The Bonds are payable from and secured by certain tax revenues payable to the Agency. The outstanding principal and interest remaining to be paid on the bonds is \$30,923,200. Principal and interest paid for the current year and the total tax revenue were \$1,933,200 and \$3,206,858, respectively. The outstanding balance of the Bonds was \$13,480,000 at June 30, 2010.

The Agency and the Authority entered into a bond purchase contract (Contract) on March 1, 2001. According to the Contract, the Authority issued Brisbane Public Financing Authority 2001 Revenue Bonds, Series A in the amount of \$26,300,000 to acquire the Bonds. Accordingly, the \$13,480,000 outstanding balance of the Bonds is presented as an advance between the Agency and Authority.

The annual debt service requirements on the advance were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$ 315,000	\$ 1,617,600	\$ 1,932,600
2012	355,000	1,579,800	1,934,800
2013	395,000	1,537,200	1,932,200
2014	445,000	1,489,800	1,934,800
2015	495,000	1,436,400	1,931,400
2016-2020	3,530,000	6,133,200	9,663,200
2021-2025	6,220,000	3,442,200	9,662,200
2026	1,725,000	207,000	1,932,000
Total	\$ 13,480,000	\$ 17,443,200	\$ 30,923,200

Advance from the BPF to Utility Fund - \$491,696 represents the portion of the 1995 COP Bonds that were used for the construction of the water tank. The Water Enterprise and the Guadalupe Valley Improvement District (combined into the Utility Fund) make annual payments to the Authority for their respective share of the debt service.

Advance from the Park & Recreations Fund to CRA Fund - \$2,295,996 represents the outstanding balance for refinancing of the 1984 Tax Allocation Bonds.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. INTERFUND TRANSACTIONS, Continued

A. Fund Financial Statements, Continued

Transfers In/Out

The City had the following transfers in/out for the year ended June 30, 2010:

	Transfers Out					Total
	General Fund	Community Redevelopment Agency Special Revenue Fund	Non Major Governmental Funds	Utility Enterprise Fund	Internal Service	
Transfers In						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 33,887	\$ 33,887
Debt Service Funds:						
Brisbane PFA 2001 Revenue Bonds Series A	-	1,755,959	-	-	-	1,755,959
Non-Major Governmental Funds	1,127,616	308,247	3	91,450	-	1,527,316
Enterprise Fund:						
Parks and Recreation	921,548	-	-	-	-	921,548
Internal Service Fund	107,958	-	-	-	-	107,958
Total	\$ 2,157,122	\$ 2,064,206	\$ 3	\$ 91,450	\$ 33,887	\$ 4,346,668

Transfers from the Community Redevelopment Agency Special Revenue fund was for debt service payments.

Transfers to the Internal Service fund were for reimbursement of retirement payments.

Transfers to the General Fund were for the unused portion of Flex Benefits that returned to the General Fund at the end of the year.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2010, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 11,810,589	\$ 1,111,156	\$ 12,921,745
Construction in progress	23,770,996	797,320	24,568,316
Total non-depreciable assets	<u>35,581,585</u>	<u>1,908,476</u>	<u>37,490,061</u>
Depreciable assets:			
Land improvements	1,615,930	9,773,139	11,389,069
Buildings and structures	3,923,318	12,655,359	16,578,677
Machinery and equipment	2,529,582	942,592	3,472,174
Infrastructure	15,456,108	30,347,855	45,803,963
	<u>23,524,938</u>	<u>53,718,945</u>	<u>77,243,883</u>
Less accumulated depreciation	<u>(9,403,160)</u>	<u>(19,247,513)</u>	<u>(28,650,673)</u>
Total depreciable assets, net	<u>14,121,778</u>	<u>34,471,432</u>	<u>48,593,210</u>
Total capital assets	<u>\$ 49,703,363</u>	<u>\$ 36,379,908</u>	<u>\$ 86,083,271</u>

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2009	Additions	Deletions	Transfers	Completed CIP	Balance June 30, 2010
Capital assets, not being depreciated:						
Land	\$ 11,810,589	\$ -	\$ -	\$ -	\$ -	\$ 11,810,589
Construction in progress	23,715,232	474,984	-	-	(419,220)	23,770,996
Total capital assets, not being depreciated	<u>35,525,821</u>	<u>474,984</u>	<u>-</u>	<u>-</u>	<u>(419,220)</u>	<u>35,581,585</u>
Capital assets, being depreciated:						
Land improvements	1,324,143	58,934	-	-	232,853	1,615,930
Buildings and structures	3,923,318	-	-	-	-	3,923,318
Machinery and equipment	2,477,431	113,792	(58,406)	(3,235)	-	2,529,582
Infrastructure	15,334,069	146,742	(129,201)	(81,869)	186,367	15,456,108
Total capital assets, being depreciated	<u>23,058,961</u>	<u>319,468</u>	<u>(187,607)</u>	<u>(85,104)</u>	<u>419,220</u>	<u>23,524,938</u>
Less accumulated depreciation:						
Land improvements	(141,115)	(20,471)	-	-	-	(161,586)
Buildings and structures	(1,726,583)	(78,226)	-	-	-	(1,804,809)
Machinery and equipment	(1,497,955)	(149,527)	42,415	-	-	(1,605,067)
Infrastructure	(5,628,925)	(247,058)	44,285	-	-	(5,831,698)
Accumulated depreciation	<u>(8,994,578)</u>	<u>(495,282)</u>	<u>86,700</u>	<u>-</u>	<u>-</u>	<u>(9,403,160)</u>
Total capital assets, being depreciated, net	<u>14,064,383</u>	<u>(175,814)</u>	<u>(100,907)</u>	<u>(85,104)</u>	<u>419,220</u>	<u>14,121,778</u>
Total governmental activities	<u>\$ 49,590,204</u>	<u>\$ 299,170</u>	<u>\$ (100,907)</u>	<u>\$ (85,104)</u>	<u>\$ -</u>	<u>\$ 49,703,363</u>

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expenses by program for capital assets for the year ended June 30, 2010 are as follows:

General government	\$ 12,230
Public safety	157,117
Public works	<u>325,935</u>
Total depreciation expense	<u><u>\$ 495,282</u></u>

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital assets, not being depreciated:					
Land	\$ 1,111,156	\$ -	\$ -	\$ -	\$ 1,111,156
Construction in progress	<u>334,707</u>	<u>462,613</u>	<u>-</u>	<u>-</u>	<u>797,320</u>
Total capital assets, not being depreciated	<u>1,445,863</u>	<u>462,613</u>	<u>-</u>	<u>-</u>	<u>1,908,476</u>
Capital assets, being depreciated:					
Land improvements	9,773,139	-	-	-	9,773,139
Buildings and structures	12,655,359	-	-	-	12,655,359
Machinery and equipment	945,677	17,626	(23,946)	3,235	942,592
Infrastructure	<u>30,265,986</u>	<u>-</u>	<u>-</u>	<u>81,869</u>	<u>30,347,855</u>
Total capital assets, being depreciated	53,640,161	17,626	(23,946)	85,104	53,718,945
Less accumulated depreciation:					
Land improvements	(5,938,837)	(272,037)	-	-	(6,210,874)
Buildings and structures	(2,189,731)	(212,702)	-	-	(2,402,433)
Machinery and equipment	(257,929)	(67,053)	-	-	(324,982)
Infrastructure	<u>(9,825,100)</u>	<u>(484,124)</u>	<u>-</u>	<u>-</u>	<u>(10,309,224)</u>
Accumulated depreciation	<u>(18,211,597)</u>	<u>(1,035,916)</u>	<u>-</u>	<u>-</u>	<u>(19,247,513)</u>
Total capital assets, being depreciated, net	<u>35,428,564</u>	<u>(1,018,290)</u>	<u>(23,946)</u>	<u>85,104</u>	<u>34,471,432</u>
Total business-type activities	<u><u>\$ 36,874,427</u></u>	<u><u>\$ (555,677)</u></u>	<u><u>\$ (23,946)</u></u>	<u><u>\$ 85,104</u></u>	<u><u>\$ 36,379,908</u></u>

Depreciation expenses of the business-type activities for the year ended June 30, 2010 are as follows:

Water	\$ 189,532
Sewer	103,985
Guadalupe Valley Municipal Improvement District	338,899
Parks and Recreation	<u>403,500</u>
Total depreciation expense	<u><u>\$ 1,035,916</u></u>

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

5. CAPITAL ASSETS, Continued

B. Fund Financial Statements

The Governmental Fund Financial Statements do not present general government capital assets. Consequently, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements.

6. NET PENSION ASSET

In fiscal year 2007, the City issued pension obligation bonds in the amount of \$4,745,000. The proceeds of the bonds were used to prepay the City's unfunded Public Employees' Retirement System (PERS) actuarial accrued liability. This prepayment has been recorded on the Statement of Net Assets as a Net Pension Asset (NPA).

The NPA is being amortized using the same amortization methodology utilized by PERS to calculate the Annual Required Contribution (ARC) each year. A summary of the methodology used is as follows:

Amortization Method	Level Percent of Payroll
Average Remaining Period (as of 6/30/2010)	13 years for Miscellaneous & 11 years for Safety
Investment Rate of Return	7.75% (net of administrative expenses)
Payroll Growth	3.25%

Interest on the NPA is calculated as a percentage of the NPA's balance at the beginning of each year based on the investment rate of return stated above and is added to the balance of the NPA for that year.

During fiscal year 2010, interest earned and amortization of the NPA were \$331,063 and \$533,693, respectively.

A summary of the changes to the NPA for the year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities	\$ 4,271,783	\$ 331,063	\$ (533,693)	\$ 4,069,153

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. LONG-TERM DEBT

The following is a summary of governmental activities long-term debt transactions for the year ended June 30, 2010:

Description	Balance July 1, 2009	Deletions	Balance June 30, 2010	Classification	
				Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:					
Revenue Bonds:					
1998 Housing Set-Aside	\$ 1,345,000	\$ (40,000)	\$ 1,305,000	\$ 45,000	\$ 1,260,000
2001 Brisbane PFA, Series A	21,370,000	(780,000)	20,590,000	825,000	19,765,000
2001 Brisbane PFA, Series B	6,355,000	(680,000)	5,675,000	720,000	4,955,000
2005 Brisbane PFA, Series A	2,420,000	(235,000)	2,185,000	245,000	1,940,000
2005 Brisbane PFA, Series B	5,970,000	-	5,970,000	145,000	5,825,000
2009 Brisbane PFA, Series A	2,255,000	(70,000)	2,185,000	75,000	2,110,000
2006 Pension Obligation	4,180,000	(250,000)	3,930,000	300,000	3,630,000
Unamortized discount on bonds	(104,792)	6,619	(98,173)	(3,448)	(94,725)
Total governmental activities	\$ 43,790,208	\$ (2,048,381)	\$ 41,741,827	\$ 2,351,552	\$ 39,390,275

1998 Housing Set-Aside Revenue Bonds

The Agency issued \$1,660,000 principal amount 1998 Housing Set-Aside Revenue Bonds to affect a loan to Bridge Housing Corporation in connection with the construction of a 14 unit multi-family rental housing project called the Brisbane Senior Homes Apartments. The bonds mature annually through September 1, 2013, in amounts ranging from \$25,000 to \$50,000 and term bonds maturing in 2027. The interest on the bonds is payable semiannually on each March 1 and September 1, with rates from 4.25% to 5.70%. The bonds are payable solely from the 20% tax increment housing set-aside of Redevelopment Area #2. Annual principal and interest payments on the bonds are expected to require less than 50% of the set-aside revenues. The outstanding principal and interest remaining to be paid on the bonds is \$2,082,550. Principal and interest paid for the current year and the total 20% tax were \$115,242 and \$245,551, respectively. The outstanding balance of the bonds was \$1,305,000 at June 30, 2010.

The annual debt service requirements on the bonds were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$ 45,000	\$ 72,915	\$ 117,915
2012	45,000	70,429	115,429
2013	50,000	67,780	117,780
2014	50,000	64,968	114,968
2015	55,000	61,988	116,988
2016-2020	320,000	258,780	578,780
2021-2025	425,000	153,188	578,188
2026-2028	315,000	27,503	342,503
Total	\$ 1,305,000	\$ 777,551	\$ 2,082,551

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

2001 Brisbane Public Financing Authority Revenue Bonds, Series A

On March 1, 2001, the Authority issued \$26,300,000 principal amount 2001 Revenue Bonds, Series A to provide funds to acquire the Brisbane Community Redevelopment Project Area # 1, 2001 Tax Allocation Bonds, and to refinance certain redevelopment activities with respect to the Brisbane Community Redevelopment Project Area # 1 of the Agency.

The bonds mature annually through May 1, 2026, in amounts ranging from \$430,000 to \$1,915,000. The interest on the bonds is payable semiannually on each May 1 and November 1, with rates ranging from 4.00% to 6.00%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from and secured by certain tax revenues payable to the Agency. Annual principal and interest payments on the bonds are expected to require less than 100% of the revenues. The outstanding principal and interest remaining to be paid on the bonds is \$32,471,109. Principal and interest paid for the current year and the total tax revenue were \$2,028,962 and \$3,206,858, respectively. The outstanding balance of the bonds was \$20,590,000 at June 30, 2010.

The annual debt service requirements on the bonds were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$ 825,000	\$ 1,208,793	\$ 2,033,793
2012	865,000	1,165,480	2,030,480
2013	915,000	1,118,770	2,033,770
2014	960,000	1,067,988	2,027,988
2015	1,015,000	1,013,748	2,028,748
2016-2020	6,030,000	4,108,530	10,138,530
2021-2025	8,065,000	2,082,900	10,147,900
2026	1,915,000	114,900	2,029,900
Total	\$ 20,590,000	\$ 11,881,109	\$ 32,471,109

2001 Brisbane Public Financing Authority Revenue Bonds, Series B

On March 1, 2001, the Authority issued \$8,935,000 principal amount 2001 Revenue Bonds, Series B to acquire an issue of reassessment bonds issued by the City with respect to the City's Marina Boulevard and Lagoon Road Local Improvement District 79-1 (District) and to refund certain outstanding assessment bonds issued by the City with respect to the District and certain related outstanding revenue bonds issued by the Authority.

The bonds mature annually through September 2, 2015, in amounts ranging from \$70,000 to \$1,655,000. The interest on the bonds is payable semiannually on each March 2 and September 2, with rates ranging from 3.75% to 5.55%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from reassessments levied and collected in the District and amounts held in the redemption fund established under the Fiscal Agent Agreement. The outstanding principal and interest remaining to be paid on the bonds is \$6,739,915. Principal and interest paid for the current year and the total assessment revenue were \$999,642 and \$1,033,021, respectively. The outstanding balance of the bonds was \$5,675,000 at June 30, 2010.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

2001 Brisbane Public Financing Authority Revenue Bonds, Series B, Continued

The annual debt service requirements on the bonds were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$ 720,000	\$ 284,983	\$ 1,004,983
2012	760,000	247,412	1,007,412
2013	800,000	206,843	1,006,843
2014	840,000	163,373	1,003,373
2015	900,000	116,378	1,016,378
2016	1,655,000	45,926	1,700,926
Total	\$ 5,675,000	\$ 1,064,915	\$ 6,739,915

2005 Brisbane Public Financing Authority Revenue Bonds, Series A

On February 1, 2005, the Authority issued \$3,265,000 principal amount 2005A Revenue Bonds to refund certain outstanding certificates of participation executed and delivered to finance certain capital projects for the City.

The bonds mature annually through April 1, 2018, in amounts ranging from \$190,000 to \$310,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.00% to 3.75%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from lease payments from the City to the Authority. The outstanding balance of the bonds was \$2,185,000 at June 30, 2010.

The annual debt service requirements on the bonds were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$ 245,000	\$ 77,172	\$ 322,172
2012	250,000	69,823	319,823
2013	255,000	62,010	317,010
2014	265,000	53,722	318,722
2015	275,000	44,713	319,713
2016-2018	895,000	71,887	966,887
Total	\$ 2,185,000	\$ 379,327	\$ 2,564,327

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

2005 Brisbane Public Financing Authority Revenue Bonds, Series B

On October 3, 2005, the Authority issued \$5,970,000 principal amount 2005B Revenue Bonds to finance the City Hall renovation and expansion project.

The bonds mature annually beginning in 2011 and continuing until April 1, 2035, in amounts ranging from \$145,000 to \$235,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.125% to 4.375%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from lease payments from the City to the Authority. The outstanding balance of the bonds was \$5,970,000 at June 30, 2010.

The annual debt service requirements on the bonds were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$ 145,000	\$ 256,521	\$ 401,521
2012	150,000	251,990	401,990
2013	155,000	247,115	402,115
2014	160,000	241,884	401,884
2015	165,000	236,284	401,284
2016-2020	920,000	1,084,579	2,004,579
2021-2025	1,125,000	880,460	2,005,460
2026-2030	1,395,000	604,485	1,999,485
2031-2035	1,755,000	250,906	2,005,906
Total	\$ 5,970,000	\$ 4,054,224	\$ 10,024,224

2009 Brisbane Public Financing Authority Lease Revenue Bonds, Series A

On March 11, 2009, Authority issued \$2,255,000 principal amount 2009A Revenue Bonds to finance the completion of the City Hall renovation and expansion project.

The bonds mature annually through April 1, 2029, in amounts ranging from \$70,000 to \$135,000. The interest on the bonds is payable semiannually on each April 1 and October 1, with rates ranging from 3.0% to 5.625%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from lease payments from the City to the Authority. The outstanding balance of the bonds was \$2,124,750 at June 30, 2010.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

2009 Brisbane Public Financing Authority Lease Revenue Bonds, Series A, Continued

The annual debt service requirements on the bonds were as follows:

<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 75,000	\$ 112,575	\$ 187,575
2012	75,000	110,325	185,325
2013	80,000	107,325	187,325
2014	85,000	104,125	189,125
2015	85,000	100,725	185,725
2016-2020	500,000	444,869	944,869
2021-2025	635,000	306,938	941,938
2026-2029	650,000	99,900	749,900
Subtotal	<u>2,185,000</u>	<u>1,386,782</u>	<u>3,571,782</u>
less discount	(60,250)	-	(60,250)
Total	<u><u>\$ 2,124,750</u></u>	<u><u>\$ 1,386,782</u></u>	<u><u>\$ 3,511,532</u></u>

2006 Taxable Pension Obligation Refunding Bonds

On August 8, 2006, the City issued \$4,745,000 principal amount of 2006 Taxable Pension Obligation Refunding Bonds (2006 Pension Bonds) with an interest rate of 5.0%. The proceeds were used to refund a portion of the City's obligations to PERS evidenced by the PERS contract and representing the unamortized, unfunded actuarial accrued liability with respect to the pension benefits. Interest is payable semiannually on January 1 and July 1. The principal is payable annually. The bonds are subject to optional and mandatory redemption prior to maturity. The 2006 Pension Bonds are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The City shall be obligated to make appropriations to pay the bonds from any source of legally available funds of the City for each fiscal year. The outstanding balance of the bonds was \$3,892,077 at June 30, 2010.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

2006 Taxable Pension Obligation Refunding Bonds, Continued

The annual debt service requirements on the bonds were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$ 300,000	\$ 222,000	\$ 522,000
2012	335,000	205,500	540,500
2013	370,000	187,075	557,075
2014	410,000	166,725	576,725
2015	455,000	144,175	599,175
2016-2020	1,910,000	311,850	2,221,850
2021	150,000	8,812	158,812
Subtotal	3,930,000	1,246,137	5,176,137
less discount	(37,923)	-	(37,923)
Total	\$ 3,892,077	\$ 1,246,137	\$ 5,138,214

The following is a summary of business-type activities long-term debt transactions for the year ended June 30, 2010:

Description	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Classification	
					Amounts Due Within One Year	Amounts Due in More than One Year
Business-Type Activities:						
Capital lease	\$ 135,909	\$ -	\$ (22,653)	\$ 113,256	\$ 22,652	\$ 90,604
Revenue Bonds:						
2002 Brisbane PFA, Series A	3,980,000	-	(100,000)	3,880,000	105,000	3,775,000
Total business-type activities	\$ 4,115,909	\$ -	\$ (122,653)	\$ 3,993,256	\$ 127,652	\$ 3,865,604

Capital Lease

On August 15, 2005, the City entered into a 10 year lease agreement with Government Capital Corporation for utility metering equipment with an option to purchase. The lease was in the amount of \$226,513 with interest of \$45,384, payable annually on November 15 of each year in the amount of \$22,653. As of June 30, 2010, the outstanding balance was \$113,256.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

Capital Lease, Continued

The annual future payment requirements on the lease are as follows:

For the Years Ending June 30,	Lease Payments
2011	\$ 20,778
2012	21,669
2013	22,605
2014	23,587
2015	24,617
Total	\$ 113,256

2002 Brisbane Public Financing Authority Revenue Bonds, Series A

On August 1, 2002, the Authority issued \$4,450,000 principal amount Revenue Bonds, 2002 Series A to finance water system improvements and related facilities and wastewater system improvements and related facilities which constitute part of the Utility Enterprise Fund of the City.

The bonds mature annually through September 1, 2031, in amounts ranging from \$95,000 to \$290,000. The interest on the bonds is payable semiannually on each March 1 and September 1, with rates ranging from 3.25% to 5.00%. The bonds are subject to optional and mandatory redemption prior to maturity. The bonds are payable from the net revenues of the Utility Enterprise Fund of the City. The outstanding principal and interest remaining to be paid on the bonds is \$6,331,019. Principal and interest paid for the current year and the total net revenue were \$286,661 and \$264,345, respectively. The outstanding balance of the bonds was \$3,880,000 at June 30, 2010.

The annual debt service requirements on the bonds were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2011	\$ 105,000	\$ 181,818	\$ 286,818
2012	115,000	177,549	292,549
2013	115,000	172,949	287,949
2014	120,000	168,249	288,249
2015	125,000	163,286	288,286
2016-2020	700,000	729,643	1,429,643
2021-2025	900,000	541,275	1,441,275
2026-2030	1,145,000	287,875	1,432,875
2031-2032	555,000	28,375	583,375
Total	\$ 3,880,000	\$ 2,451,019	\$ 6,331,019

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. The total of vacation and other compensated leaves was \$815,475 as of June 30, 2010, comprised of the following:

Description	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Classification	
					Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
Compensated absences	\$ 548,080	\$ 765,361	\$ (662,185)	\$ 651,256	\$ 162,814	\$ 488,442
Business-Type Activities:						
Compensated absences	\$ 137,997	\$ 179,923	\$ (153,701)	\$ 164,219	\$ 41,055	\$ 123,164

8. NON-CITY OBLIGATION

The following bond issue is not reported in the City's financial statements, because it is considered special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the County of San Mateo, the State of California or any political subdivision thereof, is pledged for payment of these bonds.

	Original Amount	Outstanding June 30, 2010
Northeast Ridge Development District 2001 Act Assessment District Bonds	\$ 6,975,000	\$ 4,840,000

9. OPERATING LEASES

The City leased three Konica copiers from Caltronics Business Systems for the operations of the City. The total amount of the lease amounted to \$159,208. The City does not intend to take ownership of the copiers at the end of the lease. All payments were expenditures from the General Fund. The rental cost for the year ended June 30, 2010 was \$49,315. The rental cost is determined based on the usage rate times the lease rate.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

10. DEFICIT NET ASSETS AND FUND BALANCES

A. Deficit Unrestricted Net Assets

At June 30, 2010, the City had a deficit unrestricted net assets of Governmental Activities in the amount of \$(32,354,929). The negative unrestricted net assets was caused by the City using Agency funds to issue bonds for assets that are used in the Parks and Recreation Fund, thus decreasing total net assets.

At June 30, 2010, the City had a deficit unrestricted net assets in the Business-Type Activities in the amount of \$(1,457,128). The negative unrestricted net assets were caused by previous year's utility rates being lower than the cost to operate the system.

B. Deficit Fund Balances

The following funds had deficit fund balances, which will be eliminated through the reduction in expenditures and/or the use of new funding sources:

Funds	Deficit Fund Balances
Governmental Funds:	
Community Redevelopment Agency Special Revenue Fund	\$ (10,000,065)
Non-Major Governmental Funds:	
Sierra Point Landscape & Lighting	(352,010)
NPDES	(79,051)
General Plan Open Space	(380,191)
2006 Pension Obligation Bonds	(169)
Tunnel Avenue Bridge Project Capital Project	(754,978)
Internal Service Fund:	
Workers' Compensation	(800,122)
OPEB	(19,894)

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

11. SEGMENT INFORMATION

The City issued revenue bonds to finance its sewer department, which operates the government's sewage system, that pumps sewage to the City of San Francisco. The water, sewer and Guadalupe Valley Municipal Improvement District activities are all accounted for in the Utility Enterprise Fund. Separate funds are presented below.

Utility Fund Statement of Net Assets

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 85,102	\$ 85,102
Accounts receivable, net	242,069	242,069	242,069	726,207
Taxes receivable	-	-	40	40
Total current assets	<u>242,069</u>	<u>242,069</u>	<u>327,211</u>	<u>811,349</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	819,968	61,351	558,903	1,440,222
Depreciable, net	8,717,346	4,488,039	14,129,769	27,335,154
Total capital assets	<u>9,537,314</u>	<u>4,549,390</u>	<u>14,688,672</u>	<u>28,775,376</u>
Total noncurrent assets	<u>9,537,314</u>	<u>4,549,390</u>	<u>14,688,672</u>	<u>28,775,376</u>
Total assets	<u>9,779,383</u>	<u>4,791,459</u>	<u>15,015,883</u>	<u>29,586,725</u>
LIABILITIES				
Current liabilities:				
Accounts payable	72,335	108,494	123,936	304,765
Interest payable	20,421	20,421	20,420	61,262
Compensated absences due within one year	6,184	8,443	1,951	16,578
Due to other funds	443,521	370,978	524,870	1,339,369
Deposits	3,566	3,566	3,566	10,698
Accrued payroll	7,456	9,209	6,145	22,810
Capital lease due within one year	11,326	-	11,326	22,652
Bonds payable due within one year	35,000	35,000	35,000	105,000
Total current liabilities	<u>599,809</u>	<u>556,111</u>	<u>727,214</u>	<u>1,883,134</u>
Noncurrent liabilities:				
Advances from other funds	324,196	180,073	527,646	1,031,915
Compensated absences due in more one year	18,551	25,330	5,853	49,734
Capital lease due in more than one year	45,302	-	45,302	90,604
Bonds payable due in more than one year	1,258,333	1,258,333	1,258,334	3,775,000
Other Post Employment Benefits Obligation	-	34,163	-	34,163
Total noncurrent liabilities	<u>1,646,382</u>	<u>1,497,899</u>	<u>1,837,135</u>	<u>4,981,416</u>
Total liabilities	<u>2,246,191</u>	<u>2,054,010</u>	<u>2,564,349</u>	<u>6,864,550</u>
NET ASSETS				
Invested in capital assets, net of related debt	8,187,353	3,256,057	13,338,710	24,782,120
Restricted for:				
Capital projects	717,981	36,441	5,018	759,440
Unrestricted	(1,372,142)	(555,049)	(892,194)	(2,819,385)
Total net assets	<u>\$ 7,533,192</u>	<u>\$ 2,737,449</u>	<u>\$ 12,451,534</u>	<u>\$ 22,722,175</u>

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

11. SEGMENT INFORMATION, Continued

Utility Fund Statement of Activities

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
OPERATING REVENUES:				
Charges for services	\$ 1,304,385	\$ 1,091,472	\$ 1,514,747	\$ 3,910,604
Other revenues	-	-	185	185
Total operating revenues	1,304,385	1,091,472	1,514,932	3,910,789
OPERATING EXPENSES:				
Costs of sales and services	616,782	709,506	485,870	1,812,158
General and administrative	363,090	574,777	640,171	1,578,038
Depreciation	189,532	103,985	338,899	632,416
Total operating expenses	1,169,404	1,388,268	1,464,940	4,022,612
OPERATING LOSS	134,981	(296,796)	49,992	(111,823)
NONOPERATING REVENUES (EXPENSES):				
Franchise fees	-	-	28,210	28,210
Investment income	(2,658)	(2,658)	(2,657)	(7,973)
Interest expense	(61,470)	(61,470)	(61,470)	(184,410)
Total nonoperating revenues (expenses)	(64,128)	(64,128)	(35,917)	(164,173)
LOSS BEFORE CONTRIBUTION AND TRANSFERS	70,853	(360,924)	14,075	(275,996)
Capital contributions	-	-	85,102	85,102
Transfers out	(44,669)	-	(46,781)	(91,450)
Total contributions and transfers	(44,669)	-	38,321	(6,348)
Change in net assets	26,184	(360,924)	52,396	(282,344)
NET ASSETS:				
Beginning of year	7,507,008	3,098,373	12,399,138	23,004,519
End of year	<u>\$ 7,533,192</u>	<u>\$ 2,737,449</u>	<u>\$ 12,451,534</u>	<u>\$ 22,722,175</u>

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

11. SEGMENT INFORMATION, Continued

Utility Fund Statement of Cash Flows

	Water	Sewer	Guadalupe Valley Municipal Improvement District	Total Utility
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 1,341,886	\$ 1,128,973	\$ 1,552,248	\$ 4,023,107
Cash payments to suppliers	(610,702)	(708,410)	(475,371)	(1,794,483)
Cash payments for general and administrative	(91,083)	(189,682)	(416,708)	(697,473)
Cash payments to employees	(265,061)	(356,409)	(227,489)	(848,959)
Cash received from (payments to) other	-	-	1,217	1,217
Net cash provided (used) by operating activities	375,040	(125,528)	433,897	683,409
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Franchise fees	-	-	28,210	28,210
Capital lease payment	(11,326)	-	(11,326)	(22,652)
Transfers out	(44,669)	-	(46,781)	(91,450)
Net cash provided (used) by noncapital financing activities	(55,995)	-	(29,897)	(85,892)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of property, plant and equipment, net of transfer	395,077	175,559	(1,090,789)	(520,153)
Capital contribution received	-	-	85,102	85,102
Principal payment of debt	(33,333)	(33,334)	(33,333)	(100,000)
Due to other funds	(678,314)	370,978	529,656	222,320
Advances from other funds	62,514	(360,146)	255,454	(42,178)
Interest paid	(62,331)	(62,331)	(62,331)	(186,993)
Net cash used by capital and related financing activities	(316,387)	90,726	(316,241)	(541,902)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	(2,658)	(2,658)	(2,657)	(7,973)
Net cash provided (used) by investing activities	(2,658)	(2,658)	(2,657)	(7,973)
Net increase (decrease) in cash and cash equivalents	-	(37,460)	85,102	47,642
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	37,460	-	37,460
End of year	\$ -	\$ -	\$ 85,102	\$ 85,102
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating loss	\$ 134,981	\$ (296,796)	\$ 49,992	\$ (111,823)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	189,532	103,985	338,899	632,416
Changes in current assets and liabilities:				
Accounts receivable	37,501	37,501	37,501	112,503
Taxes receivable	-	-	1,032	1,032
Accounts payable and accrued liabilities	11,870	6,886	16,289	35,045
Compensated absences	6,069	2,640	(5,048)	3,661
Deposits	(5,790)	(5,790)	(5,790)	(17,370)
Other Post Employment Benefits Obligation	-	24,695	-	24,695
Accrued payroll	877	1,351	1,022	3,250
Total adjustments	240,059	171,268	383,905	795,232
Net cash provided (used) by operating activities	\$ 375,040	\$ (125,528)	\$ 433,897	\$ 683,409

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

12. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters and employee health insurance claims. The City participates in the following public entity risk pools.

A. General Liability Insurance

The City is a member of Bay Cities Joint Powers Insurance Authority. The Bay Cities Joint Powers Insurance Authority is a public agency created in 1986 by and among various municipalities in Northern California to provide a pooled approach to liability insurance pursuant to the California Government Code. The Bay Cities Joint Powers Insurance Authority is governed by a Board of Directors which is comprised of appointed officials from the member entities. The purpose of the pool is to provide certain levels of liability coverage, claims administration, and loss control support to member agencies. Annually, each member pays an actuarially determined premium based on a formula which takes into account the prior three years' loss experience, annual payroll, and population.

The City self-insures the first \$25,000 of each liability loss. The Bay Cities Joint Powers Insurance Authority pools the layer from \$25,001 to \$1,000,000 and purchases excess insurance from \$1 million to \$10 million per year.

B. Workers' Compensation

On July 1, 2000, the City became a member of Workers' Compensation from Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). The City is self-insured for the first \$150,000 of a claim. The LAWCX covers claims from \$150,001 to \$500,000 and purchases excess insurance to \$100,000,000. Prior to July 1, 2000 the City was a member of the San Mateo County Cities Group (Cities Group). When the City left the Cities Group it took on the responsibility for all current and future claims which would have been covered by the Cities Group.

The LAWCX is a public agency created in 1992 by and among self-insured workers' compensation joint power authorities, individual public entities, and special districts throughout California to provide a pooled approach to excess workers' compensation insurance pursuant to the California Government Code. The LAWCX is governed by a Board of Directors which is comprised of appointed officials from its member entities. The purpose of the pool is to provide excess workers' compensation insurance to its member agencies. Annually each member pays an actuarially determined premium based on a formula approved by the Board of Directors.

C. Long-Term Disability and Other Benefit Insurance

Other coverage provided to the City's workers, such as long-term disability, and unemployment insurance are covered by purchased insurance.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

12. RISK MANAGEMENT, Continued

C. Long-Term Disability and Other Benefit Insurance, Continued

As of June 30, 2010, the estimated claims payable for general liability and workers' compensation was \$796,763, which included claims incurred but not reported (IBNR). There were no reductions in insurance coverage from the prior year and no insurance settlement exceeded coverage in each of the past three years.

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2007-2008	\$ 517,170	\$ 256,742	\$ (164,674)	\$ 609,238
2008-2009	609,238	179,450	(127,643)	661,045
2009-2010	661,045	148,000	(12,282)	796,763

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City contributes to the California Public Employee Retirement systems (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS, as Plan Administrator, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

B. Funding Policy

Participants are required to contribute 8% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City makes the 9% contribution for police employees on their behalf for their account, which amounted to \$129,800. The City is required to contribute at an actuarially determined rate; the current rate is 14.059% for miscellaneous employees, and 16.02% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

C. Annual Pension Cost

For 2009-2010, the City's annual pension cost of \$1,231,337 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25% to 14.45% for miscellaneous employees and from 3.25% to 14.45% for safety employees depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2003, was 20 years for miscellaneous employees and 20 years for safety employees for prior and current service unfunded liability.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$ 1,089,890	100%	\$ -
June 30, 2009	1,237,576	100%	-
June 30, 2010	1,231,337	100%	-

D. Funding Status as of the Most Recent Actuarial Date

The City retirement plans for miscellaneous and safety employees are part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's miscellaneous and safety employees is no longer available nor disclosed.

14. OTHER POST-EMPLOYMENT BENEFITS

Plan Description and Funding Policy

The City administers a single-employer defined benefit post employment healthcare plan. Employees hired prior to July 1, 2008, have the stipulated years of service, and retire directly from the City are eligible to receive up to the Kaiser rate (family or single, depending on MOU) and the Medicare eligible rate after reaching the age of 65. This same benefit may continue to a surviving spouse depending on the retirement plan election. Currently there are 24 retirees receiving post employment health care benefits from the City.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

Annual OPEB Costs and Net OPEB Obligation

The City funds the payment of current retiree health costs on a pay-as-you-go basis. For the fiscal year ended June 30, 2010, the City's pay-as-you-go expenses for health care benefits for retirees were \$134,261.

The City's annual other post employment benefit (OPEB) cost is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (NOO) for the year ended June 30, 2010 are as follows:

Annual required contribution	\$ 928,000
Interest on Net OPEB obligation	34,000
Amortization of net OPEB obligation	(59,000)
Annual OPEB cost (expense)	<u>903,000</u>
Contributions (benefit payments)	<u>(134,261)</u>
Increase (decrease) in net OPEB obligation	768,739
Net OPEB obligation - beginning of year	<u>795,682</u>
Net OPEB obligation - ending of year	<u><u>\$ 1,564,421</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for fiscal year 2010 and the preceding fiscal year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 898,000	11.4%	\$ 795,682
6/30/2010	903,000	14.9%	1,564,421

Funding Status as of the Most Recent Actuarial Date

In the June 30, 2008 actuarial valuation, the actuarial cost method used is the Entry Age Normal (EAN) cost method. Under the EAN cost method, the plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. Entry age is based on current age minus years of service. The Actuarial Accrued Liability (AAL) is the cumulative value on the valuation date of prior Normal Cost. For the retirees, the AAL is the present value of all projected benefits. The unfunded AAL is being amortized as a level dollar closed 30 year basis, as a level percent of payroll with a remaining amortization period at June 30, 2008 of 30 years.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

Funding Status as of the Most Recent Actuarial Date, Continued

GASB Statement 45 requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. The actuarial methods and assumptions included a 4.25% interest rate, representing the long term expected rate of return on the City's pooled investments. Annual inflation is assumed to increase at 3% per annum and Aggregate Payroll is assumed to increase at 3.25% per annum. The study also used assumptions for the salary merit and longevity increases, and demographic assumptions such as mortality, withdrawal, and disability based on CalPERS 1997-2002 Experience Study. Retirement assumption was also based on CalPERS 1997-2002 Experience Study of the Miscellaneous Plan 2.0% at 55 years, with expected retirement age of approximately 60.5, and Public Safety 3% at 50 years, with expected retirement age of approximately 54.3 for Police and 54.8 for Fire.

The amounts listed below represent the most recent actuarial valuation as of June 30, 2008:

Actuarial Accrued Liability (AAL)	Actuarial Asset Value	Unfunded Actuarial Accrued Liability (UAAL)	Covered Payroll*	UAAL to Covered Payroll
6/30/2008	\$ -	\$ 7,118,000	\$ 6,603,000	107.8%

* Annual payroll of active employees covered by the plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of including this information in the financial report, the data presented is limited.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

15. COMMITMENTS AND CONTINGENCIES

A. *Lawsuits*

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions, when finally adjudicated, will not have a material adverse effect on the financial condition of the City.

B. *Federal and State Grant Programs*

The City participates in a number of Federal, State and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government.

C. *Major Constructions*

The City has various major construction projects not completed as of June 30, 2010:

Seismic Upgrades to Water Storage Tanks - This project will correct seismic deficiencies of the existing water storage tanks. Remaining commitment is \$95,846.

Crystal Springs Aqueduct Flow Regulators - This project will install control valves and tie into the SCADA system to allow City staff to control which turnouts are providing flow in order to maximize first use of our lower cost water purchases. The remaining commitment is \$583,326.

As of June 30, 2010, in the opinion of City management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

16. EXPENDITURES OVER APPROPRIATIONS

The following funds had an excess of expenditures over appropriations, but had adequate resources to cover the excess:

Major Funds:	
Community Redevelopment Agency Special Revenue Fund	\$ (1,668,515)
Non-Major Funds:	
Gas Tax Special Revenue Fund	(22,217)
Measure A Special Revenue Fund	(34,634)
Grants Special Revenue Fund	(173,785)
Traffic Congestion Relief Special Revenue Fund	(22,639)
Fire Training Special Revenue Fund	(3,778)
BPFA 2005 Revenue Bonds, Series A Debt Service Fund	(2,650)
Tunnel Avenue Bridge Capital Project	(190,014)

City of Brisbane
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

17. PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period.

The amount of this borrowing pertaining to the City of Brisbane was \$ 456,243.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

18. PRIOR PERIOD ADJUSTMENT

Fund Financial Statements:

	Fund Balance as Previously Reported	Prior Period Adjustments <u>Rainy Day Fund</u>	Fund Balance as Restated
General Fund	<u>\$ 6,239,809</u>	<u>\$ 4,804,797</u>	<u>\$ 11,044,606</u>

General fund were adjusted due to correction of errors in the recording Rainy Day Fund. The correction was made to report Rainy Day Fund as part of the General Fund instead of Internal Service Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Brisbane
Required Supplementary Information
For the year ended June 30, 2010

1. BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A City Council goal setting session is scheduled to determine the major objectives of the City's financial plan for the year. Goals are approved by the Council and incorporated into a detailed preliminary budget, which is issued for public comment. After a series of public hearings, the budget is adopted by the City Council prior to the beginning of the ensuing fiscal year (July 1).
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, capital projects funds, and the debt service funds. Trust and agency funds are not budgeted. The legal level of budgetary control is the fund level.
4. Budgets for those governmental funds budgeted are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2010, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. These necessary supplemental appropriations were immaterial in relation to the budget as originally adopted. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered and then are rebudgeted for the coming year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities. The commitments will be reappropriated and honored in the subsequent year.

City of Brisbane
Required Supplementary Information, Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

The following is the budget comparison schedules for the General Fund and all major funds.

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 8,083,766	\$ 8,083,766	\$ 8,540,765	\$ 456,999
Intergovernmental	52,156	52,156	50,589	(1,567)
Licenses, permits and fees	794,791	794,791	1,109,398	314,607
Charges for services	313,777	313,777	335,150	21,373
Fines and forfeitures	109,881	109,881	88,649	(21,232)
Use of money and property	145,291	190,550	167,232	(23,318)
Other revenues	2,461,194	2,461,194	2,699,146	237,952
Total revenues	11,960,856	12,006,115	12,990,929	984,814
EXPENDITURES:				
Current:				
General government	4,134,548	4,134,548	4,624,168	(489,620)
Public safety - Police	3,468,041	3,490,103	3,031,146	458,957
Public safety - Fire	2,383,434	2,417,834	2,402,989	14,845
Public works	1,925,281	1,925,281	1,618,983	306,298
Library	28,085	28,085	23,550	4,535
Capital outlay	-	-	101,990	(101,990)
Total expenditures	11,939,389	11,995,851	11,802,826	193,025
REVENUE OVER (UNDER) EXPENDITURES	21,467	10,264	1,188,103	1,177,839
OTHER FINANCING SOURCES (USES):				
Transfers in	75,253	75,253	33,887	(41,366)
Transfers out	(2,012,051)	(2,012,051)	(2,157,122)	(145,071)
Total other financing sources (uses)	(1,936,798)	(1,936,798)	(2,123,235)	(186,437)
Net change in fund balance	\$ (1,915,331)	\$ (1,926,534)	(935,132)	\$ 991,402
FUND BALANCE:				
Beginning of year as restated			11,044,606	
End of year			<u>\$ 10,109,474</u>	

City of Brisbane
Required Supplementary Information, Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

Budgetary Comparison Schedule, Community Redevelopment Agency Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and special assessments	\$ 4,549,586	\$ 4,549,586	\$ 5,006,005	\$ 456,419
Use of money and property	-	-	67,290	67,290
Total revenues	<u>4,549,586</u>	<u>4,549,586</u>	<u>5,073,295</u>	<u>523,709</u>
EXPENDITURES:				
Current:				
General government	-	-	93	(93)
Public works	653,675	661,175	2,329,597	(1,668,422)
Debt service:				
Interest and fiscal charges	-	137,099	137,099	-
Total expenditures	<u>653,675</u>	<u>798,274</u>	<u>2,466,789</u>	<u>(1,668,515)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>3,895,911</u>	<u>3,751,312</u>	<u>2,606,506</u>	<u>(1,144,806)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(2,064,206)	(2,064,206)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,064,206)</u>	<u>(2,064,206)</u>
Net change in fund balance	<u>\$ 3,895,911</u>	<u>\$ 3,751,312</u>	<u>542,300</u>	<u>\$ (3,209,012)</u>
FUND BALANCE:				
Beginning of year			<u>(10,542,365)</u>	
End of year			<u>\$ (10,000,065)</u>	

City of Brisbane
Required Supplementary Information, Continued
For the year ended June 30, 2010

2. DEFINED PENSION PLAN

The City retirement plans for miscellaneous and safety employees are part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's miscellaneous and safety employees is no longer available.

3. OTHER POST EMPLOYMENT BENEFITS (OPEB) FUNDING STATUS

A schedule of funding progress for the actuarial valuation of June 30, 2008 is presented below. Since this was the first year of implementing GASB 45 OPEB disclosure in the financial statements, the data presented is limited.

Actuarial Accrued Liability (AAL)	Actuarial Asset Value	Actuarial Unfunded Accrued Liability (UAAL)	Covered Payroll	UAAL to Covered Payroll	
6/30/2008	\$	-	\$ 7,118,000	\$ 6,603,000	107.8%

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Gas Tax Fund

Portions of the tax rate per gallon levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditures by the State of California for street-related purposes only (reference California Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5).

Prop 1 B

This fund was established to account for the monies received under the State Proposition 1B program and used for roads and transportation.

Measure A Fund

The County of San Mateo voters approved a half cent sales tax measure in 1988 which is designated for transportation related facilities and roads. The sales tax revenues received pursuant to Measure A are distributed to cities based on population (50%) and road miles (50%).

Sierra Point Landscape and Lighting Fund

This fund was established to account for special assessment revenues and costs of providing landscaping and lighting services within the boundaries of the Sierra Point Landscape and Lighting District.

Grants

This fund accounts for activities of various grants including Local Law Enforcement Block Grant, Community Oriented Policing Grant, the COPS Technology Grant, and Supplemental Law Enforcement Services Fund (SLESF) Grant.

National Pollution Discharge Elimination System Fund (NPDES)

Federal statute mandates a program aimed at the elimination of pollutants from drainage systems. Commonly known as NPDES, a special revenue fund is required by law to account for tax assessments collected and expenditures incurred in administering this program.

General Plan Open Space Fund

This fund was established to account for funds dedicated to the enhancement and preservation of open space areas with the city.

Traffic Congestion Relief Fund

Assembly Bill 2928 established the Traffic Congestion Relief fund (TCRF) in the State Treasury for allocating to cities and counties for street or road maintenance or reconstruction (or storm damage repair).

Fire Training Fund

This fund was created from the return and refund of one of the Universal Trainers for the Fire Department. This fund will accumulate funds dedicated to Fire Training and equipment.

DEBT SERVICE FUNDS

Community Redevelopment Agency

The Agency has issued tax allocation bonds in its project areas to finance various improvements. Debt service is accomplished from the receipt of tax increment from within the project areas.

Brisbane Public Financing Authority

2006 Pension Obligation Bonds Fund

In August 2006, taxable pension obligation bonds were issued to refund a portion of the City's obligation to PERS for the unamortized, unfunded actuarial liability with respect to pension benefits.

NON-MAJOR GOVERNMENTAL FUNDS, Continued

DEBT SERVICE FUNDS, Continued

Brisbane Public Financing Authority, Continued

2001 Revenue Bonds, Series B Fund

This fund accounts for the debt service for the 2001 Revenue Bonds, Series B which were issued to acquire the City's Marina Boulevard and Lagoon Road Local Improvement District 79-1 and to refund certain outstanding revenue bonds issued by the Authority.

2005 Revenue Bonds, Series A Fund

This fund accounts for the debt service for the 2005 Revenues Bonds, Series A which were issued to refund the 1995 Certificates of Participation Bonds and to finance certain capital projects for the City. Debt service for a portion of these bonds is met from transfers from the City's General Fund and the Utility Fund where portions of the 1995 COP bonds proceeds were expended to finance capital improvements.

2005 Revenue Bonds, Series B Fund

This fund accounts for the debt service for the 2005 Revenues Bonds, Series B which were issued to finance City Hall seismic upgrades and other improvements. This fund accounts for the debt service that will be met by lease payments of the City to the Authority.

2009 Revenue Lease Bonds, Series A

This fund accounts for the debt service for the 2009 Revenue Bonds, Series A which were issued in March 2009 to finance the completion of the City Hall upgrades and improvements. The debt service will be met by lease payments from the City to the Authority.

CAPITAL PROJECTS FUNDS

Capital Projects Fund

This fund was established to track all non-major construction and capital projects. Project budgets carryover year to year until completed.

Tunnel Ave Bridge Project Fund

This fund provides a tracking mechanism for a multi year bridge replacement project being funded by federal, state, local, and private funds.

Special Beautification Project Fund

This fund was established in the mid-1980s as a condition of a lawsuit settlement; however, funds were never appropriated or used until recent years. Research is underway to determine the true parameters of this fund and on what activities these monies may be expended.

Marina Boulevard and Lagoon Road Project Fund

Bond funds from the sale of Marina Boulevard and Lagoon Road Local Improvement District Bonds in 1979 were used to finance the acquisition, construction, improvement and equipping of capital improvements in, to and on property located within this district.

Facilities Construction Fund

As a condition of the final map approval for the Northeast Ridge development, the developer was required to improve a number of facilities including municipal buildings, local streets, downtown parking, future trails, fire buffers and construct a community swimming pool. Funds deposited for these projects have been placed in a capital projects fund and as separate projects move ahead with construction, applicable amounts of this fund are moved to a construction fund to further account for the cost of a particular project.

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City of Brisbane
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	Special Revenue					
	Gas Tax	Prop 1B	Measure A	Sierra Point Landscape & Lighting	Grants	NPDES
ASSETS						
Cash and investments	\$ 139,065	\$ 4,319	\$ 207,026	\$ -	\$ 115,251	\$ -
Restricted cash and investments						
with fiscal agents	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	9,938	-
Taxes receivable	7,151	-	12,468	-	-	-
Advances to other funds	-	-	-	-	-	-
Total assets	\$ 146,216	\$ 4,319	\$ 219,494	\$ -	\$ 125,189	\$ -
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 76	\$ -	\$ -	\$ 5,418	\$ 8,447	\$ 1,257
Accrued payroll	-	-	-	2,616	-	-
Due to other funds	-	-	-	343,976	-	77,794
Deposits	-	-	-	-	1,601	-
Advance from other fund	-	-	-	-	-	-
Total liabilities	76	-	-	352,010	10,048	79,051
Fund Balances:						
Reserved:						
Encumbrances	-	-	-	25,548	700	-
Advances to other funds	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital improvements/ muni facilities	-	-	-	-	-	-
NER Gym facility	-	-	-	-	-	-
Beaty Street	-	-	-	-	-	-
Total reserved	-	-	-	25,548	700	-
Unreserved, undesignated	146,140	4,319	219,494	(377,558)	114,441	(79,051)
Total fund balances	146,140	4,319	219,494	(352,010)	115,141	(79,051)
Total liabilities and fund balances	\$ 146,216	\$ 4,319	\$ 219,494	\$ -	\$ 125,189	\$ -

Debt Service Funds						
Special Revenue			Brisbane Public Financing Authority			
General Plan Open Space	Traffic Congestion Relief	Fire Training	Community Redevelopment Agency	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds Series A
\$ 192,865	\$ 36,532	\$ 282,857	\$ -	\$ -	\$ 1,065,529	\$ -
-	-	-	117,926	111,000	719,945	-
-	-	-	-	-	-	-
-	10,000	-	-	-	-	-
-	-	-	-	-	-	491,696
<u>\$ 192,865</u>	<u>\$ 46,532</u>	<u>\$ 282,857</u>	<u>\$ 117,926</u>	<u>\$ 111,000</u>	<u>\$ 1,785,474</u>	<u>\$ 491,696</u>
\$ 2,669	\$ -	\$ -	\$ 2,120	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	111,169	-	-
80,000	-	-	-	-	-	-
490,387	-	-	-	-	-	-
<u>573,056</u>	<u>-</u>	<u>-</u>	<u>2,120</u>	<u>111,169</u>	<u>-</u>	<u>-</u>
5,181	-	-	-	-	-	-
-	-	-	-	-	-	491,696
-	-	-	117,926	-	719,945	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,181</u>	<u>-</u>	<u>-</u>	<u>117,926</u>	<u>-</u>	<u>719,945</u>	<u>491,696</u>
<u>(385,372)</u>	<u>46,532</u>	<u>282,857</u>	<u>(2,120)</u>	<u>(169)</u>	<u>1,065,529</u>	<u>-</u>
<u>(380,191)</u>	<u>46,532</u>	<u>282,857</u>	<u>115,806</u>	<u>(169)</u>	<u>1,785,474</u>	<u>491,696</u>
<u>\$ 192,865</u>	<u>\$ 46,532</u>	<u>\$ 282,857</u>	<u>\$ 117,926</u>	<u>\$ 111,000</u>	<u>\$ 1,785,474</u>	<u>\$ 491,696</u>

(Continued)

City of Brisbane
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2010

	Debt Service Funds		Capital Projects					Total Non-Major Governmental Funds
	Brisbane Public Financing Authority		Capital Projects	Tunnel Ave Bridge Project Capital Project	Special Beautification Project	Marina Boulevard & Lagoon Road Project	Facilities Construction	
	2005	2009						
	Revenue Bonds Series B	Revenue Lease Bonds Series A						
ASSETS								
Cash and investments	\$ 28,482	\$ -	\$ 123,331	\$ -	\$ 6,647	\$ -	\$ 549,751	\$ 2,751,655
Restricted cash and investments with fiscal agents	-	711,437	-	-	-	-	-	1,660,308
Accounts receivable, net	-	-	18,317	18,198	-	-	-	46,453
Taxes receivable	-	-	-	-	-	-	-	29,619
Advances to other funds	-	-	-	-	-	-	-	491,696
Total assets	\$ 28,482	\$ 711,437	\$ 141,648	\$ 18,198	\$ 6,647	\$ -	\$ 549,751	\$ 4,979,731
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 17,395	\$ -	\$ -	\$ -	\$ 1,330	\$ 38,712
Accrued payroll	-	-	3,914	104	-	-	-	6,634
Due to other funds	-	-	-	773,072	-	-	-	1,306,011
Deposits	-	-	-	-	-	-	-	81,601
Advance from other fund	-	-	-	-	-	-	-	490,387
Total liabilities	-	-	21,309	773,176	-	-	1,330	1,923,345
Fund Balances:								
Reserved:								
Encumbrances	-	-	3,500	-	-	-	-	34,929
Advances to other funds	-	-	-	-	-	-	-	491,696
Debt service	28,482	711,437	-	-	-	-	-	1,577,790
Capital improvements/ muni facilities	-	-	6,300,617	-	-	-	-	6,300,617
NER Gym facility	-	-	-	-	-	-	347,724	347,724
Beaty Street	-	-	100,000	-	-	-	-	100,000
Total reserved	28,482	711,437	6,404,117	-	-	-	347,724	8,852,756
Unreserved, undesignated	-	-	(6,283,778)	(754,978)	6,647	-	200,697	(5,796,370)
Total fund balances	28,482	711,437	120,339	(754,978)	6,647	-	548,421	3,056,386
Total liabilities and fund balances	\$ 28,482	\$ 711,437	\$ 141,648	\$ 18,198	\$ 6,647	\$ -	\$ 549,751	\$ 4,979,731

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City of Brisbane

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2010

	Special Revenue					
	Gas Tax	Prop 1B	Measure A	Sierra Point Landscape & Lighting	Grants	NPDES
REVENUES:						
Taxes and special assessments	\$ -	\$ -	\$ 114,492	\$ 485,071	\$ -	\$ 50,631
Intergovernmental	71,282	-	-	-	274,686	-
Licenses, permits, and fees	-	-	-	-	-	-
Use of money and property	1,167	39	1,883	-	370	-
Other revenues	-	-	-	-	-	-
Total revenues	72,449	39	116,375	485,071	275,056	50,631
EXPENDITURES:						
Current:						
General government	-	-	-	-	1,557	-
Public safety - police	-	-	-	-	133,632	-
Public safety - fire	-	-	-	-	-	-
Public works	-	-	-	548,390	-	56,133
Capital outlay	22,217	-	34,634	-	172,596	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	22,217	-	34,634	548,390	307,785	56,133
REVENUE OVER (UNDER) EXPENDITURES	50,232	39	81,741	(63,319)	(32,729)	(5,502)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	50,803	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	50,803	-
Net change in fund balances	50,232	39	81,741	(63,319)	18,074	(5,502)
FUND BALANCES:						
Beginning of year	95,908	4,280	137,753	(288,691)	97,067	(73,549)
End of year	\$ 146,140	\$ 4,319	\$ 219,494	\$ (352,010)	\$ 115,141	\$ (79,051)

Special Revenue			Debt Service Funds			
			Brisbane Public Financing Authority			
			Community Redevelopment Agency	2006 Pension Obligation Bonds	2001 Revenue Bonds, Series B	2005 Revenue Bonds, Series A
General Plan Open Space	Traffic Congestion Relief	Fire Training				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,033,021	\$ -
-	35,749	-	-	-	-	-
-	-	-	-	-	-	-
1,702	378	2,541	10	-	36,395	-
2,500	-	4,175	-	-	-	-
4,202	36,127	6,716	10	-	1,069,416	-
17,053	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,778	-	-	-	-
-	-	-	-	-	-	-
-	22,639	-	-	-	-	-
-	-	-	40,000	250,000	680,000	235,000
8,645	-	-	79,486	237,015	357,512	89,523
25,698	22,639	3,778	119,486	487,015	1,037,512	324,523
(21,496)	13,488	2,938	(119,476)	(487,015)	31,904	(324,523)
142,655	-	-	117,362	486,551	-	282,335
-	-	-	-	-	-	-
142,655	-	-	117,362	486,551	-	282,335
121,159	13,488	2,938	(2,114)	(464)	31,904	(42,188)
(501,350)	33,044	279,919	117,920	295	1,753,570	533,884
\$ (380,191)	\$ 46,532	\$ 282,857	\$ 115,806	\$ (169)	\$ 1,785,474	\$ 491,696

City of Brisbane

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, Continued

For the year ended June 30, 2010

	Debt Service Funds		Capital Projects				
	Brisbane Public Financing Authority						
	2005	2009	Tunnel Ave		Special	Marina	
	Revenue	Lease Revenue	Capital	Bridge Project	Beautification	Boulevard &	Facilities
Bonds	Bonds	Projects	Capital Project	Project	Lagoon Road	Construction	
Series B	Series A				Project		
REVENUES:							
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	407,629	148,578	-	-	-
Licenses, permits, and fees	-	-	175,439	-	-	-	-
Use of money and property	54	117	-	-	60	-	4,941
Other revenues	-	-	22,116	11,475	-	-	-
Total revenues	54	117	605,184	160,053	60	-	4,941
EXPENDITURES:							
Current:							
General government	-	-	-	-	-	-	-
Public safety - police	-	-	-	-	-	-	-
Public safety - fire	-	-	-	-	-	-	1,789
Public works	-	-	-	-	-	-	-
Capital outlay	-	-	447,884	190,014	-	-	-
Debt service:							
Principal	-	70,000	-	-	-	-	-
Interest and fiscal charges	259,021	118,586	-	-	-	-	-
Total expenditures	259,021	188,586	447,884	190,014	-	-	1,789
REVENUE OVER							
(UNDER) EXPENDITURES	(258,967)	(188,469)	157,300	(29,961)	60	-	3,152
OTHER FINANCING SOURCES (USES):							
Transfers in	259,021	188,586	-	3	-	-	-
Transfers out	-	-	-	-	-	(3)	-
Total other financing sources (uses)	259,021	188,586	-	3	-	(3)	-
Net change in fund balances	54	117	157,300	(29,958)	60	(3)	3,152
FUND BALANCES:							
Beginning of year	28,428	711,320	(36,961)	(725,020)	6,587	3	545,269
End of year	\$ 28,482	\$ 711,437	\$ 120,339	\$ (754,978)	\$ 6,647	\$ -	\$ 548,421

Total
Non-Major
Governmental
Funds

\$ 1,683,215
937,924
175,439
49,657
40,266

2,886,501

18,610
133,632
5,567
604,523
889,984

1,275,000
1,149,788

4,077,104

(1,190,603)

1,527,316
(3)

1,527,313

336,710

2,719,676

\$ 3,056,386

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 71,282	\$ (3,718)
Use of money and property	-	-	1,167	1,167
Total revenues	75,000	75,000	72,449	(2,551)
EXPENDITURES:				
Capital outlay	-	-	22,217	(22,217)
Total expenditures	-	-	22,217	(22,217)
Net change in fund balance	\$ 75,000	\$ 75,000	50,232	\$ (24,768)
FUND BALANCE:				
Beginning of year			95,908	
End of year			<u>\$ 146,140</u>	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Prop 1B Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 39	\$ 39
Total revenues	-	-	39	39
EXPENDITURES:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	39	\$ 39
FUND BALANCE:				
Beginning of year			4,280	
End of year			\$ 4,319	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure A Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 90,000	\$ 90,000	\$ 114,492	\$ 24,492
Use of money and property	-	-	1,883	1,883
Total revenues	90,000	90,000	116,375	26,375
EXPENDITURES:				
Current:				
Capital outlay	-	-	34,634	(34,634)
Total expenditures	-	-	34,634	(34,634)
Net change in fund balance	\$ 90,000	\$ 90,000	81,741	\$ (8,259)
FUND BALANCE:				
Beginning of year			137,753	
End of year			\$ 219,494	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Sierra Point Landscape & Lighting Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 429,696	\$ 429,696	\$ 485,071	\$ 55,375
Total revenues	429,696	429,696	485,071	55,375
EXPENDITURES:				
Current:				
Public works	485,098	591,534	548,390	43,144
Total expenditures	485,098	591,534	548,390	43,144
Net change in fund balance	\$ (55,402)	\$ (161,838)	(63,319)	\$ 98,519
FUND BALANCE:				
Beginning of year			(288,691)	
End of year			\$ (352,010)	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Grants Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 274,686	\$ 174,686
Use of money and property	-	-	370	370
Total revenues	100,000	100,000	275,056	175,056
EXPENDITURES:				
Current:				
General government	34,000	34,000	1,557	32,443
Public safety -police	100,000	100,000	133,632	(33,632)
Capital outlay	-	-	172,596	(172,596)
Total expenditures	134,000	134,000	307,785	(173,785)
REVENUES OVER (UNDER) EXPENDITURES	(34,000)	(34,000)	(32,729)	1,271
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	50,803	50,803
Total other financing sources (uses)	-	-	50,803	50,803
Net change in fund balance	\$ (34,000)	\$ (34,000)	18,074	\$ 52,074
FUND BALANCE:				
Beginning of year			97,067	
End of year			\$ 115,141	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

NPDES Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 52,000	\$ 52,000	\$ 50,631	\$ (1,369)
Total revenues	<u>52,000</u>	<u>52,000</u>	<u>50,631</u>	<u>(1,369)</u>
EXPENDITURES:				
Current:				
Public works	<u>67,602</u>	<u>67,602</u>	<u>56,133</u>	<u>11,469</u>
Total expenditures	<u>67,602</u>	<u>67,602</u>	<u>56,133</u>	<u>11,469</u>
Net change in fund balance	<u>\$ (15,602)</u>	<u>\$ (15,602)</u>	<u>(5,502)</u>	<u>\$ 10,100</u>
FUND BALANCE:				
Beginning of year			<u>(73,549)</u>	
End of year			<u>\$ (79,051)</u>	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Plan Open Space Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,702	\$ 1,702
Other revenues	-	-	2,500	2,500
Total revenues	-	-	4,202	4,202
EXPENDITURES:				
Current:				
General government	21,200	108,025	17,053	90,972
Debt service:				
Interest and fiscal charges	-	-	8,645	(8,645)
Total expenditures	21,200	108,025	25,698	82,327
REVENUES OVER (UNDER) EXPENDITURES	(21,200)	(108,025)	(21,496)	86,529
OTHER FINANCING SOURCES (USES):				
Transfers in	46,188	46,188	142,655	96,467
Total other financing sources (uses)	46,188	46,188	142,655	96,467
Net change in fund balance	\$ 24,988	\$ (61,837)	121,159	\$ 182,996
FUND BALANCE:				
Beginning of year			(501,350)	
End of year			<u>\$ (380,191)</u>	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Traffic Congestion Relief Special Revenue Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 35,749	\$ 35,749
Use of money and property	-	-	378	378
Total revenues	-	-	36,127	36,127
EXPENDITURES:				
Capital outlay	-	-	22,639	(22,639)
Total expenditures	-	-	22,639	(22,639)
Net change in fund balance	\$ -	\$ -	13,488	\$ 13,488
FUND BALANCE:				
Beginning of year			33,044	
End of year			\$ 46,532	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fire Training Special Revenue Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,541	\$ 2,541
Other revenues	-	-	4,175	4,175
Total revenues	-	-	6,716	6,716
EXPENDITURES:				
Public Safety - fire	-	-	3,778	(3,778)
Total expenditures	-	-	3,778	(3,778)
Net change in fund balance	\$ -	\$ -	2,938	\$ 2,938
FUND BALANCE:				
Beginning of year			279,919	
End of year			\$ 282,857	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Agency Debt Service Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 10	\$ 10
Total revenues	-	-	10	10
EXPENDITURES:				
Debt service:				
Principal	40,000	40,000	40,000	-
Interest and fiscal charges	80,243	80,243	79,486	757
Total expenditures	120,243	120,243	119,486	757
REVENUES OVER (UNDER) EXPENDITURES	(120,243)	(120,243)	(119,476)	767
OTHER FINANCING SOURCES (USES):				
Transfers in	120,243	120,243	117,362	(2,881)
Total other financing sources (uses)	120,243	120,243	117,362	(2,881)
Net change in fund balance	\$ -	\$ -	(2,114)	\$ (2,114)
FUND BALANCE:				
Beginning of year			117,920	
End of year			<u>\$ 115,806</u>	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 2006 Pension Obligation Bonds Debt Service Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Interest and fiscal charges	238,250	238,250	237,015	1,235
Total expenditures	488,250	488,250	487,015	1,235
REVENUES OVER (UNDER) EXPENDITURES	(488,250)	(488,250)	(487,015)	1,235
OTHER FINANCING SOURCES (USES):				
Transfers in	488,250	488,250	486,551	(1,699)
Total other financing sources (uses)	488,250	488,250	486,551	(1,699)
Net change in fund balance	\$ -	\$ -	(464)	\$ (464)
FUND BALANCE:				
Beginning of year			295	
End of year			\$ (169)	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Brisbane Public Financing Authority 2001 Revenue Bonds, Series B Debt Service Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 1,038,643	\$ 1,038,643	\$ 1,033,021	\$ (5,622)
Use of money and property	-	-	36,395	36,395
Total revenues	<u>1,038,643</u>	<u>1,038,643</u>	<u>1,069,416</u>	<u>30,773</u>
EXPENDITURES:				
Debt service:				
Principal	680,000	680,000	680,000	-
Interest and fiscal charges	358,643	358,643	357,512	1,131
Total expenditures	<u>1,038,643</u>	<u>1,038,643</u>	<u>1,037,512</u>	<u>1,131</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	31,904	<u>\$ 31,904</u>
FUND BALANCE:				
Beginning of year			<u>1,753,570</u>	
End of year			<u>\$ 1,785,474</u>	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Brisbane Public Financing Authority 2005 Revenue Bonds, Series A Debt Service Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 235,000	\$ 235,000	\$ 235,000	\$ -
Interest and fiscal charges	86,873	86,873	89,523	(2,650)
Total expenditures	321,873	321,873	324,523	(2,650)
OTHER FINANCING SOURCES (USES):				
Transfers in	321,873	321,873	282,335	(39,538)
Total other financing sources (uses)	321,873	321,873	282,335	(39,538)
Net change in fund balance	\$ -	\$ -	(42,188)	\$ (42,188)
FUND BALANCE:				
Beginning of year			533,884	
End of year			\$ 491,696	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Capital Projects Fund

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 407,629	\$ 407,629
Licenses, permits and fees	-	-	175,439	175,439
Other revenues	-	-	22,116	22,116
Total revenues	-	-	605,184	605,184
EXPENDITURES:				
Capital outlay	893,081	2,103,978	447,884	1,656,094
Total expenditures	893,081	2,103,978	447,884	1,656,094
REVENUES OVER (UNDER) EXPENDITURES	(893,081)	(2,103,978)	157,300	2,261,278
Net change in fund balances	\$ (893,081)	\$ (2,103,978)	157,300	\$ 2,261,278
FUND BALANCE:				
Beginning of year			(36,961)	
End of year			\$ 120,339	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Tunnel Avenue Bridge Capital Project

For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 148,578	\$ 148,578
Other revenues	-	-	11,475	11,475
Total revenues	-	-	160,053	160,053
EXPENDITURES:				
Capital outlay	-	-	190,014	(190,014)
Total expenditures	-	-	190,014	(190,014)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(29,961)	(29,961)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	3	3
Total other financing sources (uses)	-	-	3	3
Net change in fund balance	\$ -	\$ -	(29,958)	\$ (29,958)
FUND BALANCE:				
Beginning of year			(725,020)	
End of year			<u>\$ (754,978)</u>	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Special Beautification Project Capital Projects Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 60	\$ 60
Total revenues	<u>-</u>	<u>-</u>	<u>60</u>	<u>60</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>60</u>	<u>\$ 60</u>
FUND BALANCE:				
Beginning of year			<u>6,587</u>	
End of year			<u>\$ 6,647</u>	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Marina Boulevard & Lagoon Road Project Capital Projects Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers out	\$ -	\$ -	\$ (3)	\$ (3)
Total other financing sources (uses)	-	-	(3)	(3)
Net change in fund balance	\$ -	\$ -	(3)	\$ (3)
FUND BALANCE:				
Beginning of year			3	
End of year			\$ -	

City of Brisbane

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Facilities Construction Capital Projects Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4,941	\$ 4,941
Total revenues	-	-	4,941	4,941
EXPENDITURES:				
Public Safety - Fire	-	20,000	1,789	18,211
Total expenditures	-	20,000	1,789	18,211
REVENUES OVER (UNDER) EXPENDITURES	-	(20,000)	3,152	18,211
Net change in fund balances	\$ -	\$ (20,000)	3,152	\$ 23,152
FUND BALANCES:				
Beginning of year			545,269	
End of year			\$ 548,421	

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INTERNAL SERVICE FUNDS

Dental Self-Insurance Fund

The City self-insures its employee dental coverage; revenues are received from charges to operating departments based upon an agreed upon contribution per worker and reimbursements to employees for dental expenses are paid from this fund.

Fringe Benefits Fund

This fund accounts for the costs of unexpected benefit costs and other negotiated labor agreement provisions.

Flexible Benefits Fund

This fund receives revenue from employee cafeteria plans to pay for medical and child care reimbursements as outlined in the 125 plan. At the end of each plan year the remaining funds become the property of the City.

Workers' Compensation Fund

The City self insures for a portion of Workers' Compensation. Revenues are received from charges to operating departments based on payroll.

General Liability Fund

The City self insures a portion of each liability loss. Revenues are received from charges to operating departments based on payroll.

OPEB Fund

This fund was established to track retiree stipends and other post employment benefits.

City of Brisbane
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

	<u>Dental Self-Insurance</u>	<u>Fringe Benefits</u>	<u>Flexible Benefits</u>	<u>Workers' Compensation</u>
ASSETS				
Current assets:				
Cash and investments	\$ 156,815	\$ 1,282,697	\$ 28,709	\$ 27,076
Due from other funds	-	-	-	-
Other Assets	-	-	-	-
Total assets	<u>156,815</u>	<u>1,282,697</u>	<u>28,709</u>	<u>27,076</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	7,323	78,390	5,792	53,198
Accrued claims payable	-	-	-	774,000
Due to other funds	-	-	-	-
Total liabilities	<u>7,323</u>	<u>78,390</u>	<u>5,792</u>	<u>827,198</u>
NET ASSETS				
Unrestricted	<u>149,492</u>	<u>1,204,307</u>	<u>22,917</u>	<u>(800,122)</u>
Total net assets	<u>\$ 149,492</u>	<u>\$ 1,204,307</u>	<u>\$ 22,917</u>	<u>\$ (800,122)</u>

General Liability	OPEB Fund	Total
\$ 64,638	\$ -	\$ 1,559,935
-	-	-
<u>387,445</u>	<u>6,409</u>	<u>393,854</u>
<u>452,083</u>	<u>6,409</u>	<u>1,953,789</u>
-	-	144,703
22,762	-	796,762
<u>75,627</u>	<u>26,303</u>	<u>101,930</u>
<u>98,389</u>	<u>26,303</u>	<u>1,043,395</u>
<u>353,694</u>	<u>(19,894)</u>	<u>910,394</u>
<u>\$ 353,694</u>	<u>\$ (19,894)</u>	<u>\$ 910,394</u>

City of Brisbane
Combining Statement of Activities and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2010

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	Workers' Compensation
OPERATING REVENUES:				
Charges for sales and services	\$ 94,643	\$ -	\$ 154,594	\$ 353,685
Other Revenue	23	1,394	-	-
Total operating revenues	94,666	1,394	154,594	353,685
OPERATING EXPENSES:				
Costs of sales and services	117,011	-	134,569	576,904
Total operating expenses	117,011	-	134,569	576,904
OPERATING INCOME (LOSS)	(22,345)	1,394	20,025	(223,219)
NONOPERATING INCOME (EXPENSES):				
Investment earnings	1,406	11,016	336	144
Miscellaneous expenses	-	-	-	-
Total nonoperating income (expenses)	1,406	11,016	336	144
LOSS BEFORE TRANSFERS:	(20,939)	12,410	20,361	(223,075)
Transfers in	-	-	-	-
Transfers out	-	-	(33,887)	-
Total transfers in and out	-	-	(33,887)	-
Change in net assets	(20,939)	12,410	(13,526)	(223,075)
NET ASSETS:				
Beginning of year	170,431	1,191,897	36,443	(577,047)
End of year	<u>\$ 149,492</u>	<u>\$ 1,204,307</u>	<u>\$ 22,917</u>	<u>\$ (800,122)</u>

General Liability	OPEB Fund	Total
\$ 418,323	\$ -	\$ 1,021,245
-	-	1,417
<u>418,323</u>	<u>-</u>	<u>1,022,662</u>
226,142	127,852	1,182,478
<u>226,142</u>	<u>127,852</u>	<u>1,182,478</u>
<u>192,181</u>	<u>(127,852)</u>	<u>(159,816)</u>
254	-	13,156
-	-	-
<u>254</u>	<u>-</u>	<u>13,156</u>
<u>192,435</u>	<u>(127,852)</u>	<u>(146,660)</u>
-	107,958	107,958
-	-	(33,887)
-	107,958	74,071
192,435	(19,894)	(72,589)
<u>161,259</u>	<u>-</u>	<u>982,983</u>
<u>\$ 353,694</u>	<u>\$ (19,894)</u>	<u>\$ 910,394</u>

City of Brisbane
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2010

	Dental Self-Insurance	Fringe Benefits	Flexible Benefits	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received to/from other funds	\$ 94,666	\$ 1,394	\$ 154,594	\$ 353,685
Cash payments to suppliers	(123,571)	293	(150,045)	(651,844)
Cash received from (payments to) other	-	-	-	247,104
Net cash provided (used) by operating activities	(28,905)	1,687	4,549	(51,055)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Investment earnings received	1,638	12,523	435	248
Due from other funds	-	-	-	-
Due to other funds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(33,887)	-
Net cash provided (used) by noncapital financing activities	1,638	12,523	(33,452)	248
Net increase (decrease) in cash and cash equivalents	(27,267)	14,210	(28,903)	(50,807)
CASH AND CASH EQUIVALENTS:				
Beginning of year	184,082	1,268,487	57,612	77,883
End of year	<u>\$ 156,815</u>	<u>\$ 1,282,697</u>	<u>\$ 28,709</u>	<u>\$ 27,076</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (22,345)	\$ 1,394	\$ 20,025	\$ (223,219)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other assets	-	-	-	99,104
Accounts payable and accrued liabilities	(6,560)	293	(15,476)	(74,940)
Accrued claims payable	-	-	-	148,000
Net cash provided (used) by operating activities	\$ (28,905)	\$ 1,687	\$ 4,549	\$ (51,055)

General Liability	OPEB Fund	Total
\$ 418,323	\$ -	\$ 1,022,662
(467,384)	(127,852)	\$ (1,520,403)
(158,685)	(6,409)	82,010
(207,746)	(134,261)	(415,731)
472	-	15,316
75,512	26,263	101,775
115	40	155
-	107,958	107,958
-	-	(33,887)
76,099	134,261	191,317
(131,647)	-	(224,414)
196,285	-	1,784,349
<u>\$ 64,638</u>	<u>\$ -</u>	<u>\$ 1,559,935</u>
\$ 192,181	\$ (127,852)	\$ (159,816)
(146,402)	(6,409)	(53,707)
(241,242)	-	(337,925)
(12,283)	-	135,717
<u>\$ (207,746)</u>	<u>\$ (134,261)</u>	<u>\$ (415,731)</u>

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FIDUCIARY FUNDS

Private Purpose Trust Funds included the following funds:

Sister City Sub-Committee Fund
NER/Landmark Revolving Fund
Professional Organizations Fund
Brisbane Recycling Revolving
Event Insurance Fund

Agency Funds included the following funds:

Tuntex/Baylands Revolving Fund
Tuntex II - Revolving Fund
Northeast Ridge-Revolving Fund
Opus Fees/Permits Fund
Opus Development Trust Fund
Hotel Reimbursement Fund
Northeast Ridge Assessment District 2001 Bonds Fund
Revolving-Summerhill Homes-Quarry Fund
Slough Estates
Baylands EIR
Geneva/Candlestick Revolving
Opus - Sierra Point

City of Brisbane
Combining Statement of Fiduciary Net Assets
Private-Purpose Trusts
June 30, 2010

	Sister City Sub- Committee	NER/ Landmark Revolving	Professional Organizations	Brisbane Recycling Revolving	Event Insurance	Total Private- Purpose Trusts
ASSETS						
Current assets:						
Cash and investments	\$ 823	\$ 756,882	\$ 63	\$ 6,309	\$ 1,677	\$ 765,754
Account receivable, net	-	996,450	-	-	-	996,450
Total assets	823	1,753,332	63	6,309	1,677	1,762,204
LIABILITIES						
Current liabilities:						
Accounts payable	-	11,369	-	-	741	12,110
Deposits	-	832,727	63	13,470	934	847,194
Total liabilities	-	844,096	63	13,470	1,675	859,304
NET ASSETS						
Held in trust for private-purposes	\$ 823	\$ 909,236	\$ -	\$ (7,161)	\$ 2	\$ 902,900

City of Brisbane
Combining Statement of Changes in Fiduciary Net Assets
Private-Purpose Trusts
For the year ended June 30, 2010

	Sister City Sub- Committee	NER/ Landmark Revolving	Professional Organizations	Brisbane Recycling Revolving	Event Insurance	Total Private- Purpose Trusts
ADDITIONS:						
Developer reimbursement	\$ -	\$ 189,062	\$ -	\$ -	\$ -	\$ 189,062
Investment income	7	915	-	47	1	970
Total additions	7	189,977	-	47	1	190,032
DEDUCTIONS:						
General government	-	200,331	-	-	-	200,331
Public works	-	38,367	-	-	-	38,367
Total deductions	-	238,698	-	-	-	238,698
Change in net assets	7	(48,721)	-	47	1	(48,666)
NET ASSETS:						
Beginning of year	816	957,957	-	(7,208)	1	951,566
End of year	\$ 823	\$ 909,236	\$ -	\$ (7,161)	\$ 2	\$ 902,900

City of Brisbane
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Tuntex-Baylands Revolving</u>				
Assets:				
Cash and investments	\$ (86)	\$ 100,000	\$ (31,271)	\$ 68,643
Accounts receivable	100,000	210,486	(100,000)	210,486
Total assets	\$ 99,914	\$ 310,486	\$ (131,271)	\$ 279,129
Liabilities:				
Accounts payable	\$ 66,896	\$ 9,506	\$ (66,896)	\$ 9,506
Deposits	33,018	304,684	(68,079)	269,623
Total liabilities	\$ 99,914	\$ 314,190	\$ (134,975)	\$ 279,129
<u>Tuntex II-Revolving</u>				
Assets:				
Cash and investments	\$ 199,961	\$ 1,982	\$ -	\$ 201,943
Interest receivable	248	-	(248)	-
Total assets	\$ 200,209	\$ 1,982	\$ (248)	\$ 201,943
Liabilities:				
Deposits	\$ 200,209	\$ 41,154	\$ (39,420)	\$ 201,943
Total liabilities	\$ 200,209	\$ 41,154	\$ (39,420)	\$ 201,943
<u>Northeast Ridge-Revolving</u>				
Assets:				
Cash and investments	\$ (84,668)	\$ 84,668	\$ (1)	\$ (1)
Account receivable	43,109	689	(43,109)	689
Total assets	\$ (41,559)	\$ 85,357	\$ (43,110)	\$ 688
Liabilities:				
Accounts payable	\$ 397	\$ 774	\$ (397)	\$ 774
Deposits	(41,956)	41,956	(86)	(86)
Total liabilities	\$ (41,559)	\$ 42,730	\$ (483)	\$ 688
<u>Opus Fees/Permits</u>				
Assets:				
Cash and investments	\$ 5,888	\$ 61	\$ -	\$ 5,949
Interest receivable	8	-	(8)	-
Total assets	\$ 5,896	\$ 61	\$ (8)	\$ 5,949
Liabilities:				
Deposits	\$ 5,896	\$ 53	\$ -	\$ 5,949
Total liabilities	\$ 5,896	\$ 53	\$ -	\$ 5,949

(Continued)

City of Brisbane
Combining Statement of Changes in Assets and Liabilities
Agency Funds, Continued
For the year ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Opus Development Trust</u>				
Assets:				
Cash and investments	\$ 121,585	\$ 5,056	\$ (87,073)	\$ 39,568
Total assets	\$ 121,585	\$ 5,056	\$ (87,073)	\$ 39,568
Liabilities:				
Accounts payable	\$ 84,548	\$ -	\$ (84,548)	\$ -
Deposits	37,037	2,881	(350)	39,568
Total liabilities	\$ 121,585	\$ 2,881	\$ (84,898)	\$ 39,568
<u>Hotel Reimbursement</u>				
Assets:				
Cash and investments	\$ 1,916	\$ 19	\$ -	\$ 1,935
Interest receivable	2	-	(2)	-
Total assets	\$ 1,918	\$ 19	\$ (2)	\$ 1,935
Liabilities:				
Deposits	\$ 1,918	\$ 17	\$ -	\$ 1,935
Total liabilities	\$ 1,918	\$ 17	\$ -	\$ 1,935
<u>Northeast Ridge Assessment</u>				
<u>District 2001 Bonds</u>				
Assets:				
Cash and investments	\$ 577,684	\$ 57,603	\$ (10,567)	\$ 624,720
Cash and investments with fiscal agents	348,750	29	-	348,779
Interest receivable	693	-	(693)	-
Taxes receivable	9,279	10,738	(9,279)	10,738
Total assets	\$ 936,406	\$ 68,370	\$ (20,539)	\$ 984,237
Liabilities:				
Accounts payable	\$ 2,308	\$ 2,508	\$ (2,309)	\$ 2,507
Due to bondholders	934,098	48,158	(526)	981,730
Total liabilities	\$ 936,406	\$ 50,666	\$ (2,835)	\$ 984,237
<u>Revolving-Summerhill</u>				
<u>Homes-Quarry</u>				
Assets:				
Cash and investments	\$ (212)	\$ -	\$ (14)	\$ (226)
Total assets	\$ (212)	\$ -	\$ (14)	\$ (226)
Liabilities:				
Accounts payable	\$ (212)	\$ -	\$ (14)	\$ (226)
Total liabilities	\$ (212)	\$ -	\$ (14)	\$ (226)

(Continued)

City of Brisbane
Combining Statement of Changes in Assets and Liabilities
Agency Funds, Continued
For the year ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Slough Estates</u>				
Assets:				
Cash and investments	\$ 8,616	\$ 58,860	\$ (1,514)	\$ 65,962
Total assets	\$ 8,616	\$ 58,860	\$ (1,514)	\$ 65,962
Liabilities:				
Deposits	\$ 8,616	\$ 57,346	\$ -	\$ 65,962
Total liabilities	\$ 8,616	\$ 57,346	\$ -	\$ 65,962
<u>Baylands EIR</u>				
Assets:				
Cash and investments	\$ (544)	\$ 419,668	\$ (399,615)	\$ 19,509
Accounts Receivable, net	149,000	-	(149,000)	-
Total assets	\$ 148,456	\$ 419,668	\$ (548,615)	\$ 19,509
Liabilities:				
Accounts payable	\$ 399,615	\$ 509	\$ (399,615)	\$ 509
Deposits	(251,159)	270,159	-	19,000
Total liabilities	\$ 148,456	\$ 270,668	\$ (399,615)	\$ 19,509
<u>Geneva/Candlestick Revolving</u>				
Assets:				
Cash and investments	\$ 99,146	\$ 43,541	\$ (2)	\$ 142,685
Total assets	\$ 99,146	\$ 43,541	\$ (2)	\$ 142,685
Liabilities:				
Accounts payable	\$ 2	\$ 2,858	\$ (2)	\$ 2,858
Deposits	99,144	40,683	-	139,827
Total liabilities	\$ 99,146	\$ 43,541	\$ (2)	\$ 142,685
<u>Opus-Sierra Point</u>				
Assets:				
Cash and investments	\$ (18)	\$ 18	\$ -	\$ -
Total assets	\$ (18)	\$ 18	\$ -	\$ -
Liabilities:				
Accounts payable	\$ 12,944	\$ -	\$ (12,944)	\$ -
Deposits	(12,962)	12,962	-	-
Total liabilities	\$ (18)	\$ 12,962	\$ (12,944)	\$ -
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 929,268	\$ 771,476	\$ (530,057)	\$ 1,170,687
Cash and investments with fiscal agents	348,750	29	-	348,779
Account receivable	292,109	211,175	(292,109)	211,175
Interest receivable	951	-	(951)	-
Taxes receivable	9,279	10,738	(9,279)	10,738
Total assets	\$ 1,580,357	\$ 993,418	\$ (832,396)	\$ 1,741,379
Liabilities:				
Accounts payable	\$ 566,498	\$ 16,155	\$ (566,725)	\$ 15,928
Deposits	79,761	771,895	(107,935)	743,721
Due to bondholders	934,098	48,158	(526)	981,730
Total liabilities	\$ 1,580,357	\$ 836,208	\$ (675,186)	\$ 1,741,379

(Concluded)

STATISTICAL INFORMATION

This part of the City of Brisbane's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	133-140
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	141-146
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	147-152
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	153-157
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	158-159
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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City of Brisbane
Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
Invested in capital assets, net of related debt	\$ 19,232	\$ 20,459	\$ 21,083	\$ 24,940	\$ 34,025	\$ 39,936	\$ 45,825	\$ 46,213
Restricted	21,657	5,492	5,744	26,024	25,924	33,872	19,027	18,943
Unrestricted	(42,214)	(27,401)	(25,008)	(41,950)	(40,576)	(45,940)	(32,518)	(32,355)
Total Governmental Activities	\$ (1,325)	\$ (1,450)	\$ 1,820	\$ 9,014	\$ 19,373	\$ 27,867	\$ 32,335	\$ 32,801
Business-type activities:								
Invested in capital assets, net of related debt	\$ 12,917	\$ 24,391	\$ 22,750	\$ 24,134	\$ 25,404	\$ 33,696	\$ 32,894	\$ 32,500
Restricted	2,370	1,841	1,763	5,554	5,896	5,476	2,601	2,252
Unrestricted	17,659	946	1,869	(2,782)	(4,925)	(4,478)	(1,455)	(1,457)
Total Business-type activities	\$ 32,946	\$ 27,178	\$ 26,382	\$ 26,906	\$ 26,375	\$ 34,694	\$ 34,040	\$ 33,295
Primary government:								
Invested in capital assets, net of related debt	\$ 32,149	\$ 44,851	\$ 43,833	\$ 49,073	\$ 59,429	\$ 73,632	\$ 78,720	\$ 78,713
Restricted	24,027	7,333	7,507	31,579	31,819	39,348	21,628	21,194
Unrestricted	(24,555)	(26,455)	(23,139)	(44,731)	(45,500)	(50,419)	(33,973)	(33,812)
Total primary government	\$ 31,621	\$ 25,728	\$ 28,201	\$ 35,921	\$ 45,748	\$ 62,561	\$ 66,375	\$ 66,096

The City of Brisbane implemented GASB34 for fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

Source: CAFR 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010

City of Brisbane
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities:								
General government	\$ 3,086	\$ 3,748	\$ 2,741	\$ 4,501	\$ 3,767	\$ 4,396	\$ 4,768	\$ 4,636
Public safety -police	2,410	3,041	3,235	3,328	3,411	3,412	3,626	3,506
Public safety - fire	1,889	1,962	2,183	2,173	2,189	2,368	2,452	2,532
Public works	2,023	2,260	3,237	3,163	3,033	3,287	3,298	4,928
Interest on long-term debt (Unallocated)	2,288	2,277	2,357	2,861	2,490	2,689	2,513	2,519
Depreciation expense (Unallocated)	545	-	-	-	-	-	-	-
Total governmental activities expense	12,241	13,288	13,753	16,026	14,891	16,153	16,657	18,121
Business-type activities								
Utility	3,351	4,187	3,576	3,373	3,451	3,884	3,949	4,023
Parks and recreation	2,953	2,807	2,651	2,879	3,040	3,274	3,638	3,406
Total business-type activities expense	6,305	6,994	6,227	6,252	6,490	7,157	7,587	7,429
Total primary government expenses	\$ 18,546	\$ 20,282	\$ 19,980	\$ 22,278	\$ 21,381	\$ 23,311	\$ 24,245	\$ 25,550
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 1,637	\$ 1,211	\$ 1,295	\$ 2,473	\$ 2,627	\$ 2,338	\$ 2,849	\$ 1,189
Public safety -police	115	164	189	259	248	231	214	396
Public safety - fire	160	218	241	604	148	179	147	204
Public Works	1,579	1,370	1,423	2,449	2,697	2,483	2,630	3,820
Other activities	-	-	-	-	-	-	-	-
Operating grants and contributions	822	861	1,981	220	184	313	309	219
Capital grants and contributions	403	284	644	4,413	7,199	2,808	2,561	-
Total governmental activities program revenues	4,717	4,107	5,773	10,418	13,103	8,353	8,711	5,827
Business-type activities:								
Charges for services								
Utility	2,647	2,552	2,846	3,764	3,460	4,362	4,053	3,911
Parks and recreation	1,792	1,700	1,809	1,954	2,055	1,917	2,069	1,966
Capital grants and contributions	-	-	434	-	13	-	-	-
Total business-type activities program revenues	4,439	4,252	5,088	5,718	5,528	6,279	6,122	5,877
Total primary government program revenues	\$ 9,156	\$ 8,360	\$ 10,861	\$ 16,136	\$ 18,631	\$ 14,632	\$ 14,833	\$ 11,704

City of Brisbane
Changes in Net Assets, Continued
Last Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Net (expense)/revenue:								
Governmental activities	\$ (7,525)	\$ (9,180)	\$ (7,980)	\$ (5,609)	\$ (1,788)	\$ (7,801)	\$ (7,947)	\$ (12,294)
Business-type activities	(1,865)	(2,741)	(1,139)	(534)	(962)	(878)	(1,465)	(1,552)
Total primary government net expense	\$ (9,390)	\$ (11,922)	\$ (9,119)	\$ (6,142)	\$ (2,750)	\$ (8,679)	\$ (9,412)	\$ (13,846)
General Revenue and Other Changes in Net Assets								
Governmental activities:								
Property taxes	\$ 4,934	\$ 5,457	\$ 6,686	\$ 4,847	\$ 6,311	\$ 6,592	\$ 7,054	\$ 7,387
Sales and other taxes	2,397	2,764	3,528	4,411	3,988	8,810	4,699	4,600
Motor vehicle license	228	167	86	27	23	17	13	9
Other taxes	491	713	734	1,106	1,196	1,318	1,156	1,357
Investment earnings	694	286	695	791	1,250	883	426	242
Miscellaneous	-	-	-	25	41	42	64	81
Gain (Loss) on sale of assets	158	-	-	(70)	-	-	-	-
Transfers	(811)	(332)	(479)	(745)	(663)	(789)	(999)	(915)
Total Governmental activities	8,092	9,055	11,250	10,394	12,147	16,875	12,414	12,761
Business-type activities								
Other taxes	29	32	15	23	38	30	31	28
Investment earnings	154	(186)	(150)	(103)	(270)	(271)	(219)	(138)
Miscellaneous	-	-	-	-	-	1	-	-
Gain (Loss) on sale of assets	(4)	-	-	-	-	-	-	-
Capital Contribution	-	-	-	70	-	-	-	-
Transfers	811	332	479	745	663	789	999	915
Total business-type activities	990	178	343	735	431	549	811	806
Total primary government	\$ 9,082	\$ 9,233	\$ 11,593	\$ 11,129	\$ 12,578	\$ 17,424	\$ 13,226	\$ 13,566
Change in Net Assets								
Governmental activities	\$ 568	\$ (126)	\$ 3,270	\$ 4,785	\$ 10,359	\$ 9,074	\$ 4,467	\$ 467
Business-type activities	(875)	(2,563)	(796)	202	(531)	(329)	(653)	(746)
Total primary government	\$ (308)	\$ (2,689)	\$ 2,474	\$ 4,987	\$ 9,827	\$ 8,745	\$ 3,814	\$ (279)

The City of Brisbane implemented GASB3 4 for fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

Source: CAFR 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010

¹ The City received a \$12million dollar grant for replacing the Tunnel Avenue Bridge. \$4 million was used in this fiscal year

City of Brisbane
Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 2,146	\$ 2,047	\$ 1,678	\$ 2,740	\$ 2,860	\$ 6,480	\$ 4,089	\$ 3,157
Unreserved	5,336	5,234	6,068	5,974	4,635	559	2,151	3,941
Total General Fund	\$ 7,482	\$ 7,281	\$ 7,746	\$ 8,714	\$ 7,495	\$ 7,039	\$ 6,240	\$ 7,098
All other governmental funds								
Reserved	\$ 25,587	\$ 25,412	\$ 25,782	\$ 31,058	\$ 29,889	\$ 34,032	\$ 27,985	\$ 24,369
Unreserved, reported in:								
Special revenue funds	246	(50)	(331)	(342)	(416)	(449)	(320)	(10,031)
Debt service funds	-	752	(446)	1,102	1,355	1,117	1,745	1,063
Redevelopment Agency	(19,618)	(19,996)	(18,700)	(19,056)	(18,100)	(16,375)	(14,642)	(14,102)
Capital Projects funds	257	(591)	322	784	(1,833)	(10,414)	(6,797)	(6,831)
Total all other governmental funds	\$ 6,472	\$ 5,526	\$ 6,626	\$ 13,546	\$ 10,894	\$ 7,911	\$ 7,971	\$ (5,532)

The City of Brisbane has elected to show only eight years of data for this schedule.

Source: CAFR 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010

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City of Brisbane
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year Ending			
	2001	2002	2003	2004
Revenues				
Taxes and special assessments	\$ 9,625	\$ 9,927	\$ 8,769	\$ 9,438
Intergovernmental	850	745	1,099	1,027
Licenses, permits and fees	365	128	683	588
Charges for services	646	317	263	284
Fines and forfeitures	113	91	92	139
Use of money and property	1,324	1,099	640	297
Other revenues	996	463	1,859	1,721
Total Revenues	13,920	12,772	13,405	13,495
Expenditures				
General government	1,681	1,810	3,074	3,264
Public safety-police	1,965	2,489	2,553	2,722
Public safety-fire	1,361	1,595	1,896	1,849
Public works	1,504	1,720	1,936	1,605
Parks and recreation ¹	1,220	-	-	-
Library	17	35	26	19
Non-departmental	564	919		
Capital outlay	1,552	709	1,859	1,905
Lease expense	-	-	-	-
Debt service				
Principal	8,590	9,325	940	1,035
Interest and fiscal charges	4,017	2,882	2,300	2,290
Bond issuance cost	-	-	-	-
Total Expenditures	22,471	21,485	14,584	14,689
Excess of revenues over (under) expenditures	(8,552)	(8,713)	(1,179)	(1,195)
Other financing sources (uses)				
Capital Contributions	-	-	-	-
Proceeds from sale of property/assets	-	-	204	4
Proceeds from issuance of debt	35,235	-	-	-
Discount paid on issuance of debt	-	-	-	-
General Fund Advance	-	-	-	-
Deferred rent	(17,200)	-	-	-
Transfers in	27,897	14,582	3,545	3,229
Transfers out	(27,923)	(14,838)	(4,347)	(3,185)
Total other financing sources (uses)	18,009	(256)	(598)	48
Net change in fund balances	\$ 9,458	\$ (8,969)	\$ (1,777)	\$ (1,147)
Debt as a percentage of noncapital expenditures	60.26%	58.76%	25.47%	26.01%

Source: CAFR 1998- 2010

¹ Park and Recreation was combined with the Marina as an Enterprise Fund in 2002

Fiscal Year Ending						
2005	2006	2007	2008	2009	2010	
\$ 11,513	\$ 11,880	\$ 13,072	\$ 13,836	\$ 14,143	\$ 15,941	
778	654	6,639	2,620	1,837	989	
846	812	1,160	742	817	1,285	
506	315	330	277	227	335	
148	116	113	114	91	89	
599	816	1,265	863	381	284	
3,101	6,485	2,832	2,744	3,771	2,739	
<u>17,491</u>	<u>21,078</u>	<u>25,411</u>	<u>21,196</u>	<u>21,267</u>	<u>21,662</u>	
2,655	4,080	3,873	4,224	3,866	3,561	
3,076	3,269	3,330	3,338	3,264	3,165	
2,191	2,224	2,219	2,365	2,424	2,409	
1,693	2,689	2,931	2,905	3,000	4,553	
-	-	-	-	-	-	
21	20	22	25	29	24	
2,730	5,031	9,058	6,853	6,136	992	
-	-	-	-	-	-	
4,555	1,440	1,740	1,715	1,810	2,055	
2,392	2,349	2,515	2,616	2,520	2,543	
-	73	95	-	87	-	
<u>19,313</u>	<u>21,175</u>	<u>25,783</u>	<u>24,041</u>	<u>23,137</u>	<u>19,301</u>	
(1,822)	(97)	(372)	(2,845)	(1,870)	2,361	
-	(70)	182	-	-	-	
-	-	-	-	-	-	
3,265	5,970	4,745	-	2,255	-	
-	(48)	(52)	-	(63)	-	
-	-	(4,589)	-	-	-	
-	-	-	-	-	-	
9,204	3,563	3,354	3,882	10,043	3,317	
<u>(9,083)</u>	<u>(3,867)</u>	<u>(5,023)</u>	<u>(4,476)</u>	<u>(11,104)</u>	<u>(4,221)</u>	
<u>3,386</u>	<u>5,547</u>	<u>(1,383)</u>	<u>(594)</u>	<u>1,131</u>	<u>(904)</u>	
<u>\$ 1,564</u>	<u>\$ 5,450</u>	<u>\$ (1,755)</u>	<u>\$ (3,439)</u>	<u>\$ (739)</u>	<u>\$ 1,457</u>	
41.89%	23.92%	26.01%	25.20%	25.98%	25.11%	

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City of Brisbane
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax ¹	Sales Tax	Gas Tax	Franchise Tax	Transfer Tax	TOT Tax	Business License Tax	Total
2001	4,283	2,492	75	116	77	549	332	7,923
2002	5,389	2,908	77	144	23	374	289	9,203
2003	4,888	2,486	84	146	45	345	294	8,289
2004	4,879	2,853	75	144	76	569	326	8,922
2005	5,828	3,619	75	183	98	550	360	10,713
2006	4,678	4,533	75	192	170	914	386	10,949
2007	6,249	4,121	75	197	61	999	387	12,090
2008	6,529	8,957 ²	74	221	45	1,097	367	17,292
2009	7,019	4,813	69	214	18	942	450	13,524
2010	7,371	5,833	71	202	23	969	465	14,934

¹ Property Tax Includes Prior Taxes, Supplemental Taxes, Property Tax/VLF swap and ERAF
Gas tax shown in CAFR as intergovernment, and Business License Tax as Licenses and Permits.
Sales tax includes Measure A sales tax, Public Safety Sales Tax, General Sales Taxes and Sales Tax/Property Tax Swap

² One time Sales Tax correction

Source: City of Brisbane

City of Brisbane
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2001	\$ 883,309	\$ 113,996	\$ 7,217	\$ 990,088
2002	1,062,109	116,144	8,065	1,170,187
2003	1,121,319	113,446	8,169	1,226,595
2004	1,039,662	243,120	7,918	1,274,864
2005	1,091,456	235,148	10,320	1,316,284
2006	1,167,557	222,177	10,470	1,379,265
2007	1,323,842	227,161	10,492	1,540,511
2008	1,364,983	233,517	10,447	1,588,053
2009	1,453,275	239,986	13,192	1,680,069
2010	1,439,649	264,206	12,483	1,691,371

Note: The General Property Tax Rate is established at \$1.00 per \$100.00 of assessed value per Article XIII of the California Constitution. The allocation of the property taxes to various taxing agencies including cities, counties, school districts and other special districts is based on the formula determined by the California State Legislature.

California property tax assessments are "acquisition" based, rather than cyclical based. In California, the property tax system is acquisition based, meaning that all real property is assessed upon acquisition or when newly constructed, and assessed at a ratio of 100% of fair market value as of the event date. After the acquisition or new construction basis is determined, year to year increases in assessed value are limited to no more than 2%. In the event of an economic downturn, real property is assessed at the lower of its acquisition basis, increased by the maximum of 2% per year or the fair market value as of January 1, which is lower.

Source: County Assessment Rolls

Redevelopment Agency

Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
n/a	n/a	n/a	\$ 338,585	1
n/a	n/a	n/a	390,453	1
n/a	n/a	n/a	416,145	1
\$ 370,107	\$ 45,905	\$ 32	415,980	1.0252
369,912	53,513	130	423,294	1.0524
336,318	67,098	129	403,287	1.0485
389,391	83,421	138	472,674	1.0612
377,630	81,589	119	459,100	1.0756
418,379	81,359	136	499,602	1.0719
431,382	110,057	65	541,374	1.0783

City of Brisbane
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	San Mateo County as Distributor	School District			Total Direct & Overlapping Rates
		Brisbane Elementary School District	Jefferson Union High School District	San Mateo Junior College	
2001	1.0000	n/a	n/a	n/a	
2002	1.0000	n/a	n/a	n/a	
2003	1.0000	n/a	n/a	n/a	
2004	1.0000	n/a	0.0187	0.0065	1.0252
2005	1.0000	0.0289	0.0170	0.0065	1.0524
2006	1.0000	0.0267	0.0153	0.0065	1.0485
2007	1.0000	0.0254	0.0174	0.0184	1.0612
2008	1.0000	0.0224	0.0361	0.0171	1.0756
2009	1.0000	0.0221	0.0333	0.0165	1.0719
2010	1.0000	0.0241	0.0360	0.0182	1.0783

Notes:

Under constitutional Amendment (Proposition 13) passed by voters in the State of California in June 1978, the tax rate (excluding bonded debt) is frozen at 1% of the full market value of the property. This tax is collected by the County Tax Collector and distributed on a formula determined by the State Legislature. Local agencies levy only the tax rate for general obligation bonds, or in excess of 1% if two-thirds of the voters in the area authorize such a rate increase. All tax levies include Homeowner's Property Tax Relief and Business Inventory Property Tax Relief.

Source: County of San Mateo Tax Rate Book for FY 2008-2010

City of Brisbane
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value ²
Oyster Point Properties Inc.	\$ 99,871	1	6.96%	\$ 25,736	3	12.15%
Broadway 8000 Marina Fee LLC	73,868	2	5.15%			
DCT Valley Dr CA LLP	67,426	3	4.70%			
IAC San Francisco LLC	55,708	4	3.88%			
2000 Sierra Point Parkway LLC	41,075	5	2.86%			
Slough Brisbane LLC	40,596	6	2.83%			
SRI Seven Marina LLC	33,746	7	2.35%	5,179	7	2.45%
Fund VIII 1000 Marina LLC	27,300	8	1.90%			
BMR Bayshore Blvd LLC	23,287	9	1.62%	17,609	4	8.31%
William D. and C.A. Spencer Trust	20,202	10	1.41%			
Brisbane Lodging LP	19,833	11	1.38%			
Tuntex Properties Inc	17,833	12	1.24%			
CPI Sage Hotels Brisbane Owner LLC	16,960	13	1.18%			
IAC 325 Valley LLC	13,902	14	0.97%			
Barulich Properties LLC	12,554	15	0.87%			
Rolling Frito-Lay Sales	11,079	16	0.77%			
SFPP	10,897	17	0.76%			
DLC Brisbane	10,040	18	0.70%			
Avjog Investments LLC	8,548	19	0.60%	49,026	1	23.15%
Sierra Hotel Mangement Corp	8,299	200	0.58%			
Hitachi America LTD				31,644	2	14.94%
Opus						
Foster 7000 Marina LLC				12,342	5*	5.83%
SPK-Sierra Point LLC				11,392	6*	5.38%
Tuntex ³				4,864	8	2.30%
Embassy Investments-Brisbane LLC				3,608	9	1.70%
Grand Sierra Properties Inc				373	10	0.18%
Total	\$ 613,025		42.72%	\$ 161,774		76.39%

Source: Calmuni Statistics

Source: 2001 - Urban Futures Inc

⁽¹⁾ 2009-2010 Local Secured Assessed Valuation: 1,434,965

⁽²⁾ Based on Fiscal Year 2000-01 total assessed valuation: 211,779

⁽³⁾ Tuntex sold properties to Oyster Point and Sierra Hotel Management

* Foster Enterprises

*Spiekers Properties LP

City of Brisbane
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy ¹		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percentage		Amount	Percentage
2001	\$ 4,418	\$ 4,418	100%	n/a	\$ 4,418	100%
2002	5,632	5,632	100%	n/a	5,632	100%
2003	5,247	5,247	100%	n/a	5,247	100%
2004	5,044	5,044	100%	n/a	5,044	100%
2005	4,920	4,920	100%	n/a	4,920	100%
2006	5,253	5,253	100%	n/a	5,253	100%
2007	6,382	6,382	100%	n/a	6,382	100%
2008	6,671	6,671	100%	n/a	6,671	100%
2009	7,188	7,188	100%	n/a	7,188	100%
2010	7,751	7,751	100%	n/a	7,751	100%

¹Teeter Plan

Source: City of Brisbane

City of Brisbane
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Tax Allocation Bonds	Certificates of Participation	Special Assessment Bonds ¹	Other Long-Term Debt	Utility Revenue Bonds	Capital Leases			
2001	\$ 36,845	\$ 930	\$ 4,070	\$ 7,200	\$ -	\$ -	\$ -	\$ 49,045	n/a	\$ 13,560
2002	36,190	775	3,930	-	-	-	-	40,895	n/a	11,232
2003	35,570	605	3,780	-	-	4,450	-	44,405	n/a	12,199
2004	34,880	420	3,620	-	-	4,450	-	43,370	n/a	11,817
2005	37,410	220	-	-	-	4,365	227	42,222	n/a	11,381
2006	42,160	-	-	-	-	4,270	204	46,634	n/a	12,426
2007	40,700	-	-	-	4,465	4,175	181	49,521	n/a	13,118
2008	39,115	-	-	-	4,335	4,080	158	47,688	n/a	12,351
2009	39,715	-	-	-	4,180	3,980	136	48,011	n/a	12,195
2010	37,910	-	-	-	3,930	3,880	113	45,833	n/a	10,704

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Personal Income is for San Mateo County because City information is not available. As such, calculating a percentage would not be valuable for Brisbane trend data.

¹ 1915 Act/ Northeast Ridge Assessment District Bond was refunded and the new bonds are a non-City Obligation

City of Brisbane
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Gross Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percent of Assessed Value ²	Per Capita
2001	4,070	486	3,584	0.36%	1121.88%
2002	3,930	483	3,447	0.29%	1078.90%
2003	3,780	382	3,398	0.28%	1063.63%
2004	3,620	393	3,227	0.25%	1009.90%
2005	3,265	¹ 40	3,225	0.24%	1009.24%
2006	9,045	825	8,220	0.60%	2572.75%
2007	13,295	³ 738	12,557	0.82%	3930.17%
2008	12,950	723	12,227	0.77%	3826.92%
2009	14,825	885	13,940	0.83%	4362.91%
2010	14,270	850	13,420	0.79%	4200.29%

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹Lease Revenue Bonds

² Assessed value has been used because the actual value of taxable property is not readily available in the State of California

³ Pension Obligation Bonds

City of Brisbane
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010
(amounts expressed in thousands)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt:			
San Mateo Community College District	\$ 624,979,994	0.931%	\$ 5,818,564
Jefferson Union High School District	101,208,937	9.002%	9,110,829
Brisbane School District	7,505,437	64.687%	4,855,042
City of Brisbane 1915 Act Bonds	10,515,000	100.000%	10,515,000
Total Gross Overlapping Tax and Assessment Debt	744,209,368		30,299,434
Direct and Overlapping General Fund Debt:			
San Mateo County General Fund Obligations	349,089,816	0.931%	3,250,026
San Mateo County Board of Education Certificates of Participation	12,885,000	0.931%	119,959
City of Brisbane Certificates of Participation	10,340,000	100.000%	10,340,000
City of Brisbane Pension Obligations	3,930,000	100.000%	3,930,000
Total Direct and Overlapping General Fund Debt	\$ 376,244,816		\$ 17,639,986
Gross Combined Total Debt	\$ 1,120,454,184		\$ 47,939,420 ¹

¹ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brisbane. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics Inc

City of Brisbane
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year Ending				
	2001	2002	2003	2004	2005
Debt Limit	\$ 26,492	31,345	\$ 32,496	\$ 34,310	\$ 35,586
Total net debt applicable to limit	4,070	3,930	3,780	3,620	3,265
Legal debt margin	\$ 22,422	\$ 27,415	\$ 28,716	\$ 30,690	\$ 32,321
Total net debt applicable to the limit as a percentage of debt limit	15.36%	12.54%	11.63%	10.55%	9.17%

Legal Debt Margin Calculation for Fiscal Year 2010:

Assessed value¹

Add back: exempt real property¹

Total assessed value¹

Debt limit (3.75% of total assessed value)

Debt applicable to limit:

General bonded debt

Less: Amount set aside for repayment of
general bonded debt

Total net debt applicable to limit

Legal debt margin

Note: Under state finance law, the City of Brisbane' outstanding debt should not exceed 3.75 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

¹Source: California Municipal Statistics Inc
Assessed Value excludes incremental assessed valuation applicable to the Brisbane Community Redevelopment

City of Brisbane has no general obligation bonds.

Fiscal Year Ending				
2006	2007	2008	2009	2010
\$ 38,702	\$ 42,144	\$ 44,433	\$ 63,251	\$ 63,682
9,045	13,114	12,800	13,940	13,420
<u>\$ 29,657</u>	<u>\$ 29,030</u>	<u>\$ 31,633</u>	<u>\$ 49,311</u>	<u>\$ 50,262</u>
23.37%	31.12%	28.81%	22.04%	21.07%

1,698,175

-

1,698,175

63,682

14,270

850

13,420

50,262

City of Brisbane
Pledged Revenue Coverage
Last Eight Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Water Revenue Bonds			Debt Service Requirements			Coverage %
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Total	
2002-2003	\$ 2,749	\$ 2,479	\$ 270	\$ -	\$ -	\$ -	0.000%
2003-2004	2,577	2,538	39	-	203	203	0.19%
2004-2005	2,828	2,498	330	85	202	287	1.15%
2005-2006	3,789	2,286	1,504	95	199	294	5.11%
2006-2007	3,514	2,271	1,243	95	196	291	4.27%
2007-2008	4,393	3,143	1,250	95	193	288	4.35%
2008-2009	4,084	3,317	767	100	189	289	2.65%
2009-2010	3,939	3,393	546	100	186	286	1.91%

City of Brisbane
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	³ Personal Income (in millions)	² Per Capita Personal Income	Labor Force	¹ Unemployment Rate
2001	3,617	\$ 39,395	\$ 55,649	392,800	3.80%
2002	3,641	36,737	52,361	379,500	5.70%
2003	3,640	36,467	52,235	369,900	5.90%
2004	3,670	39,409	56,550	364,500	5.00%
2005	3,710	43,755	62,680	363,800	4.30%
2006	3,753	46,882	66,839	367,700	3.7%
2007	3,775	50,347	71,753	373,400	3.8%
2008	3,861	n/a	n/a	384,400	4.7%
2009	3,937	n/a	n/a	382,500	9.0%
2010	4,282	n/a	n/a	370,500	9.2%

Notes:

¹ Source: State of California Employment Development Department, March 2008 Benchmark. San Mateo County

Source: California Labor Market Info for San Mateo County. Data not available for 2008 and ² 2009

³ Source: California Department of Finance

**City of Brisbane
Principal Employers
Current Year and Ten Years Ago**

Employer	2010 ¹			2001 ²		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pepsi Bottling Group	380	1	5.23%			
Sunset Scavenger Co	350	2	4.81%			
IGN Entertainment Inc	305	3	4.20%			
Vaxgen Inc	295	4	4.06%			
VWR Corporation	272	5	3.74%	350	3	n/a
Bi-Rite Foodservice Distributors	259	6	3.56%			
Monster Cable Products Inc	224	7	3.08%	703	1	n/a
Expeditors Intl of WA Inc	223	8	3.07%			
Collab.net Inc	212	9	2.92%			
Bebe	198	10	2.72%	300	4	n/a
Fong Brothers Printing	190	11	2.61%			
Shopping.com (California) Inc	175	12	2.41%			
Intermune	124	13	1.71%			
Lincoln Broadcasting Co	120	14	1.65%			
PSI Group - California	117	15	1.61%			
Purcell-Murray Company Inc	105	16	1.44%			
Hitachi America LTD	99	17	1.36%	495	2	n/a
SFO Apparel	99	18	1.36%			
Aircraft Technical Publishers	97	19	1.33%	140	11	n/a
Mountain Enterprises Inc	90	20	1.24%			
George Lithograph				225	5	n/a
Imagine Media				210	6	n/a
Schlage Lock				200	7	n/a
Charles Schwab				180	8	n/a
Snowball Dotcom				175	9	n/a
FYI Direct				150	10	n/a
Circle International				130	12	n/a
Bay Porter Express				120	13	n/a
Dolby Systems				110	14	n/a
Proxy Message				106	15	n/a
F.W. Spencer				100	16	n/a
Total Employment (Estimated)	7,269					

Source:

¹ City of Brisbane Business License data

² Brisbane Chamber of Commerce

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City of Brisbane
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	June 30			
	2001	2002	2003	2004
Function:				
General government	11.8	12	12	12
Public safety:				
Police	18.26	20.11	20.11	20.11
Fire	13.55	13.55	13.55	13.55
Public works and Municipal Utilities	15	17	17	18.25
Community development	5.6	5.6	5.6	4.6
Parks and recreation and Marina	24.92	27.38	27.08	25.58
Total	89.13	95.64	95.34	94.09

Source: City of Brisbane Base Budget

June 30					
2005	2006	2007	2008	2009	2010
11	11.51	12.01	13.01	14.01	14.01
20.11	20.11	20.61	20.61	19.61	17.61
13.55	12.55	13	13	10	10
18.5	21.5	22.5	22.5	22.5	19.5
4.4	5.4	5.9	5.9	5.9	4.9
<u>24.92</u>	<u>24.92</u>	<u>25.13</u>	<u>25.45</u>	<u>25.45</u>	<u>25.45</u>
<u>92.48</u>	<u>95.99</u>	<u>99.15</u>	<u>100.47</u>	<u>97.47</u>	<u>91.47</u>

City of Brisbane
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year					
	2005	2006	2007	2008	2009	2010
Police						
Response time to :						
Extreme Emergencies	4:20	3	4:27	4:22	4:26	4:26
Emergencies	4:16	5	4:22	3:51	4:12	3:48
Non-Emergencies	6:12	15	6:46	6:16	6:14	5:50
Number of victims per 1,000 citizens or business	22	28	31	30	30	30
Fire						
Number of calls answered	620	595	586	653	618	663
Number of inspections	516	526	535	533	471	449
Public Works:						
Percent of tripping hazards corrected within 1 month	100	100	100	100	100	100
Percent of damaged street signs replaced within 1 month	100	100	100	100	100	100
Percent of facilities maintained relative to Maintenance Program	100	100	100	100	100	100
Water						
Total Water Purchased					302,631 ccf	276,478ccf
Number of main breaks and repairs					1	2
Number of service breaks (city side) and repairs					7	1
Percentage of water samples that pass health standards	100	100	100	100	100	100
Percentage of water storage tanks cleaned and inspected	100	100	100	100	100	100
Percentage of reported broken water meters replaced	100	100	100	100	100	100
Percentage of backup emergency generators inspected and tested at critical water facilities					100	100
Percentage of known water main valves exercised					100	100
Sewer						
Average Daily sewage flow (thousands of gallons)	376	393	353	352	334	340
Number of sewer line blocks/breaks						15
Percentage of sewer blockages cleared within:						
4 hours	100	100	100	100	100	100
12 hours	100	100	100	100	100	100
Community Development:						
Total permit valuation (\$000)	27,197	9,221	10,155	15,513	6,613	9,890
Parks and Recreation:						
Community/Special Events (Water Festival, Concerts in the Park, etc.) number of events	8	7	6	4	9	6
Sports Programs (e.g. basketball, softball): number of sports						
Youth	8	8	15	13	12	13
Adult	2	2	2	2	2	3
Classes: (number of programs)						
Adult	10	11	10	8	7	11
Youth	2	5	5	3	2	4
Youth & Adult	1	1	3	4	2	separated
Child Care programs (Average Enrollment):						
Preschool	10	9	13	16	17	20
Afterschool	42	40	62	44	63	64
Day/Summer Camps (Average Enrollment)	73	78	59	56	60	67
Teen/Youth Programs (number of programs)	11	10	15	7	9	7
Aquatic programs (Enrollment/attendance):						
Summer swim lessons	475	335	852	909	812	778
Water aerobics	111	64	96	65	29	9/day
Senior Center (Enrollment/attendance)		154	184	198		37/week
Programs						8
All programs					73	64

Notes: Indicators are not available for the general government function.

City of Brisbane
Capital Asset Statistics by Function
Last Eight Fiscal Years

Function	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety:								
Police:								
Stations	1	1	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5	5	5
Fire:								
Fire Stations	1	1	1	1	1	1	1	1
Fire Engines	3	3	3	3	3	3	3	3
Public Works:								
Streets (miles)	23	23	23	23	23	23	23	23
Streetlights	782	782	782	790	790	790	790	790
Sanitary Sewers (linear feet)	80,362	80,362	80,362	80,712	80,712	80,712	80,712	80,712
Water Lines (linear feet)	132,570	132,570	132,570	132,570	132,830	132,830	132,830	132,830
Water Storage (million gallons)	2.7	2.7	2.7	2.7	2.7	2.9	2.9	2.9
Parks and Recreation:								
Parks acreage	53.98	53.98	54.48	54.98	57.98	57.98	57.98	57.98
Parks	13	13	14	15	15	15	15	15
Swimming pools	1	1	1	1	1	1	1	1
Open Space acreage ¹	156.68	156.68	156.68	156.68	184.68	184.68	184.68	184.68
Wetlands	127.75	127.75	127.75	127.75	127.75	127.75	127.75	127.75

Note: No capital asset indicators are available for the general government or community development functions.

¹ Source: 2001 Brisbane Open Space Plan

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Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of City Council
of the City of Brisbane
Brisbane, California

We have audited the basic financial statements of the City of Brisbane (City) as of and for the year ended June 30, 2010, and have issued our report thereon dated May 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Mayor and Members of City Council
of the City of Brisbane
Brisbane, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
May 23, 2011